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1913

G.F. POWELL



37
A2-
112
v.

HISTORY
OF
TAXATION AND TAXES

VOL. II.

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A HISTORY
OF
TAXATION AND TAXES
IN ENGLAND

FROM THE EARLIEST TIMES TO THE PRESENT DAY

BY

STEPHEN DOWELL

ASSISTANT SOLICITOR OF INLAND REVENUE

VOL. II.

TAXATION, FROM THE CIVIL WAR
TO THE PRESENT DAY

LONDON
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HISTORY OF TAXATION.

CONTENTS OF VOL. II.

BOOK I.

COMMENCEMENT OF TAXATION IN THE MODERN FORM.
1642—1688.

BOOK II.

TAXATION ON THE INCREASE. 1688—1815.

BOOK III.

TAXATION IN THE ZENITH. 1815—1842.

BOOK IV.

THE REFORM OF TAXATION. 1842—1870.

BOOK V.

TAXATION SINCE 1870.

SYNOPSIS OF THE SOURCES OF THE REVENUE FROM
TAXES IN THE UNITED KINGDOM, 1881.

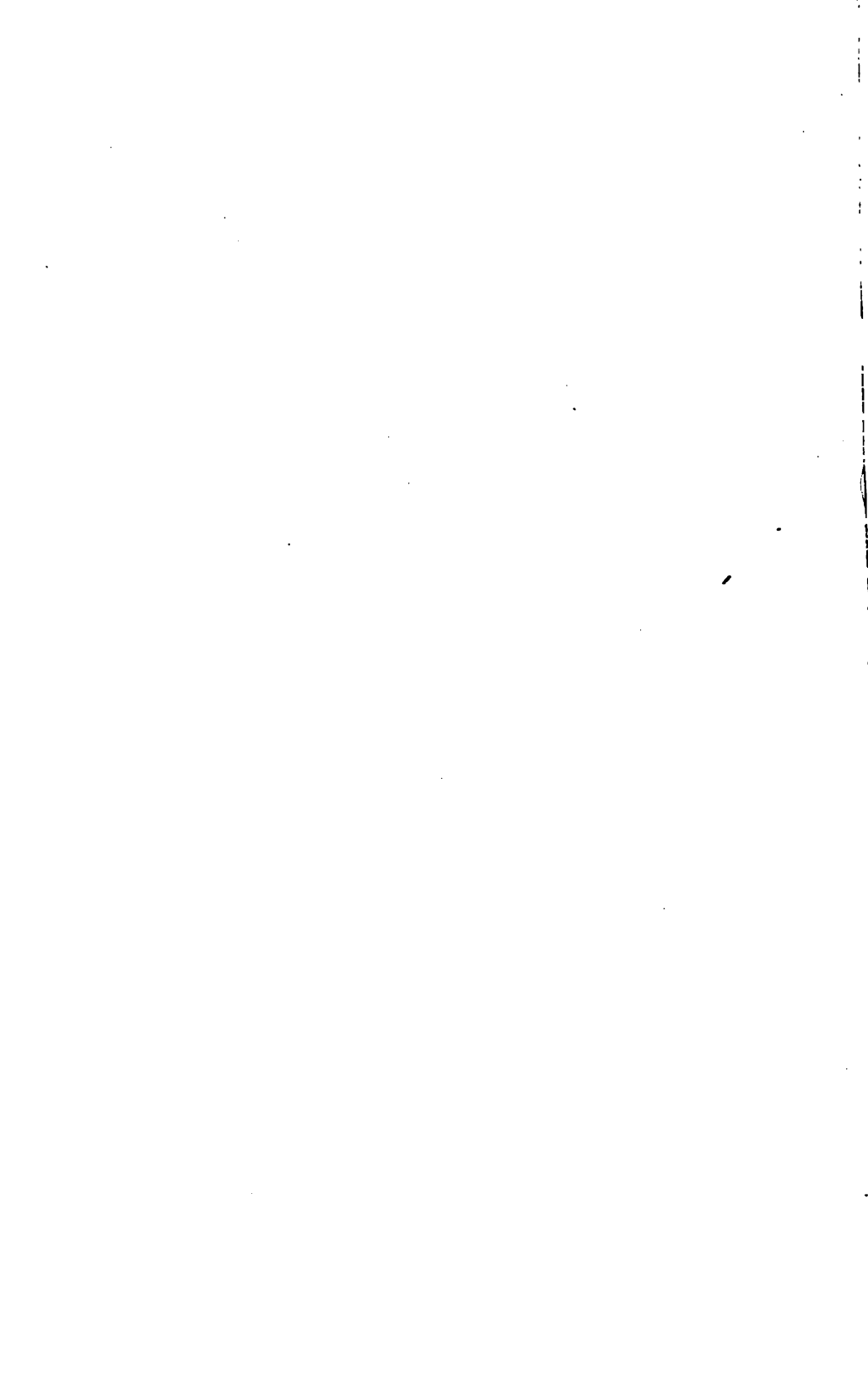
APPENDICES.



1913

G. F. POWELL





97
A-
116
v. 11

HISTORY
OF
TAXATION AND TAXES

VOL. II.

the Rebellion of '45. New tax on the manufacture of glass. Pelham's new window tax. The new coach tax, or tax on carriages. A fourth subsidy of customs 5 per cent. granted in 1748. Observations of Fox on taxation. Peace of Aix-la-Chapelle. Reduction of the land tax. Death of Pelham. State of the ministry. A new period commences. Fox, Murray, and Pitt. The old interest and the new interest. The Newcastle administration. Fox in the cabinet, and secretary of state. Pitt courts dismissal. Legge and G. Grenville resign office. Lyttelton chancellor of the exchequer 108

CHAPTER V.

THE SEVEN YEARS' WAR. 1756-1763.

Commencement of the war. Cost of the war. Lyttelton's new taxes on the possession of plate and cards and dice. Proposed tax on bricks relinquished for a tax on publicans. Loss of Minorca. Resignation of Fox. Newcastle resigns in November 1756. The Devonshire-Pitt administration. Temple and Pitt dismissed. The Newcastle-Pitt administration. Additional taxes on deeds, newspapers, and advertisements, and new tax on wine licenses in 1757. Increase in the taxes on houses and windows, and new tax on offices in 1758. Our successes in America and India. The great year, 1759. Our enormous expenditure. Legge's proposed tax on shops. Proposed tax on sugar. A general subsidy of customs imposed. Pitt's speech on excises. Enormous increase in the taxes on malt and beer in 1760 and 1761. Bute secretary of state. Dismissal of Legge. Resignation of Pitt and Temple in 1761. Resignation of Newcastle, May 1762. The Bute administration. First fruits of the peace. Dashwood's new taxes in 1763. Tax on wine. Tax on cider and perry. The Cider Act. Its unpopularity. Resignation of Bute. George Grenville as the Gentle Shepherd 120

CHAPTER VI.

THE TAXATION OF AMERICA.

The Grenville and the Grenville-Bedford administration. Grenville's rigorous enforcement of the Navigation Act. He determines to tax the colonies in America. His plan. The port duties imposed in 1764. The Stamp Act of 1765. Fall of Grenville. The Rockingham administration. Repeal of the Cider Act and the Stamp Act for America. The Grafton administration formed by Chatham. Loss of the land tax resolu-

CONTENTS.

xi

	PAGE
tion. Townshend's Revenue Act for America. Death of Townshend. North chancellor of the exchequer. Resignation of Grafton. North's long administration	144

CHAPTER VII.

THE WAR OF AMERICAN INDEPENDENCE. 1775-1783.

PART I.

1. Repeal of Townshend's import duties in America, except the duty on tea. Destruction of the tea ships in Boston harbour in 1773. Revocation of the charter of Massachusetts. Commencement of the war in 1775. Declaration of American Independence in 1776. Cost of the war. First taxes for the war	160
--	-----

PART II.

Origin of the taxes suggested by North after 1776. Publication of Adam Smith's 'Wealth of Nations.' Imposition of the tax in respect of men-servants in 1777. The tax on property sold at auctions. Second additional duty on 'deeds.' The tax on inhabited houses imposed in 1778. Increase in the wine duties. New tax on travelling by post. General rise in the excise and customs in 1779. Additional duties on malt, spirits, wine, and salt in 1780. Annual license for sellers of tea. New tax on receipts for legacies. In 1781, 5 per cent. on the excise. Additional duties on tobacco and sugar. Burke's review of the taxes imposed by North. New taxes for 1782. On fire insurance, bills of exchange, and notes. Other taxes. Additional duties on tobacco. Second addition to the duty on salt. Increase in the soap tax. 5 per cent. on the excise and customs duties. North resigns, March 1782. Rockingham's second administration. His death. The Shelburne administration. Its fall. The coalition. Additional taxes for 1783. Augmentation of the stamp duties. The duty on bills and notes doubled. New tax on receipts. Malt duty compositions abolished. New taxes on quack medicines and waggons and carts. Fox's India Bill. North and Fox resign. Pitt prime minister	165
---	-----

CHAPTER VIII.

THE TIMES OF WILLIAM PITT—BEFORE THE GREAT WAR. 1783-1792.

Pitt's first fiscal measures. Commutation of part of the duty on tea for an additional tax on houses. The budget of 1784.

	PAGE
New taxes on saddle and carriage horses, sportsmen, trade licenses, bricks, and hats. Additions for candles, paper, and printed calico. Failure of a proposal to tax coal at the pit, and growers of hops. New tax on the manufacture of plate. New tax on racehorses. List of the new taxes of 1784. Improvement in the administration of the taxes on houses and establishments in 1785. New tax on women-servants. New tax on shops. New taxes on pawnbrokers and coachmakers, and on attorneys. New taxes on perfumery and hair powder. The Eden treaty with France. Repeal of the shop tax in 1789. Increase in the tax on newspapers. Pitt passes Walpole's excise scheme for tobacco. Prosperity of the country in 1790. The Nootka Sound armament. The Budget of 1792. Repeal of the taxes on women-servants, and carts and waggons. Reductions for small houses and for candles	182

CHAPTER IX.

TAXATION DURING THE GREAT WAR.

PART I.—TO THE PEACE OF AMIENS. 1793–1802.

Commencement of the war. Cost of the war. First additional taxes. The additions to the assessed taxes and distillery made perpetual. In 1794 the additions to the duties on sugar and foreign spirits made perpetual. Second additional duties on the distillery and foreign spirits. Additional duties on glass, bricks and tiles. New tax on stone and slate. Repeal of the taxes on gloves and mittens and registration of births, &c. New tax on attorneys. In 1795 additional duties on wine. Third additional tax on spirits. Additional duty on tea. New taxes on hair-powder and sea insurance. Additional duties on receipts and other stamp duties. In 1796 second additional 10 per cent. on the assessed taxes. New tax on agricultural horses. Additions on pleasure horses and tobacco. New tax on collateral successions to property. Tax on dogs. Additional duties on hats. Second additional duties on wine. In 1797 further additional duties on tea, sugar, spirits, and bricks. Five per cent. on the customs duties. Additional duties on auctions. Third 10 per cent. on the assessed taxes. New tax on clocks and watches. Additional duty on stage-coach proprietors. Proposals to tax parcels by coach and proprietors of canals not carried into effect. In 1797 Pitt in difficulties. General rise in the stamp duties. The triple assessment for 1798. The duty on salt doubled. Third addition to the duty on tea. The convoy tax. New tax on armorial bearings. The land tax turned into a rent charge. Failure of the triple assessment. The income tax imposed in

	PAGE
1799. In 1800, a fifth addition for spirits and a fourth for tea. Pitt's last budget before leaving office. Fifth addition for tea. Additions for sugar, timber, raisins, and pepper. The duties on paper doubled. Additional taxes on horses, sea-insurance, bills of exchange, and deeds	201

PART II.—FROM THE PEACE OF AMIENS TO WATERLOO.

1802—1815.

ADDINGTON'S ADMINISTRATION. PITT'S SECOND ADMINISTRATION. 'ALL THE TALENTS.' THE PORTLAND AND PERCEVAL ADMINISTRATIONS, AND THE LIVERPOOL ADMINISTRATION DOWN TO THE END OF THE WAR.

The peace of Amiens. Repeal of the income tax by Addington. Enormous increase in the taxes on beer. Increase in the assessed taxes. New duty on exports and imports in lieu of the convoy tax. Re commencement of the war. The income tax re-imposed at 5 per. cent. An additional 2s. on malt, and additional duties on wine, spirits, tea, and sugar, the customs generally, cotton, exports and imports and tonnage. Addington's last budget in 1804. Increase in the stamp duties. Pitt returns to office without the Grenvilles. The income tax raised to 6·10 per cent. The salt duty raised to 15s. The victory of Austerlitz. Death of Pitt. The administration of all the talents. Fox and lord Henry Petty as the new tax-gatherers. The income tax raised to 10 per cent. Increase in the duties on tea, sugar, and tobacco. Another general rise in the customs. Proposals for taxes on pig iron and private brewing. Another 10 per cent. on the assessed taxes. Death of Fox. The Portland administration. Spencer Perceval's consolidations of the assessed taxes, the stamp duties, and the customs. Break up of the administration after the Walcheren expedition. The Perceval administration. Assassination of Perceval, May, 1812. The Liverpool administration. Vansittart's first budget. Increase in the duties on leather, glass, and tobacco. The taxes on establishments and agricultural horses raised. In 1813 further increase on tobacco. A general rise in the customs. Attempt to tax cotton. The first peace of Paris, 1814. Return of Napoleon from Elba. The last taxes for the Great War, imposed in 1815. Duties on tobacco and excise licenses. A general rise in the stamp duties.

BOOK III.

TAXATION IN THE ZENITH. 1815—1842.

CHAPTER I.

TAXATION IN 1815.

Population, national debt and revenue. Sources of revenue. 1.	PAGE
Direct taxes. 2. Taxes on articles of consumption. 3. Stamp duties. Sydney Smith on taxes due to wars. Portrait of the 'truly free Englishman'	239

CHAPTER II.

AFTER THE GREAT WAR.

THE LIVERPOOL ADMINISTRATION FROM 1816 TO 1822.

Total repeal of the income tax and the war malt duty in 1816. Additional duty on soap. Report of Castlereagh's select committee on income and expenditure in 1819. Additional duties on malt, spirits, tobacco, foreign wool, and other articles. The deficits of 1820 and 1821. Repeal of the tax on agricultural horses. Repeal, in 1822, of the additional duty on malt and half the duty on leather. Repeal of the duty on salt, the tonnage on shipping, and the hearth and window taxes in Ireland .	252
--	-----

CHAPTER III.

THE LIVERPOOL ADMINISTRATION TRANSFORMED.

1822—1827.

Peel, Canning, Robinson, and Huskisson join the Administration. Reversal of the policy of the sinking fund. Repeal of half the window tax and half the taxes on establishments in Great Britain. Total repeal of the taxes on establishments in Ireland. Reduction of the duties on spirits in Scotland and Ireland. Reforms by Robinson and Huskisson in our commercial taxation. Reduction of the duties on raw and thrown silk. Huskisson reforms the silk trade. Reduction of the duty on wool. Repeal of the prohibition to export sheep and wool. The Union duties abolished. Reduction of duty for coal to London. Reduction of the duty on rum. The stamp duties on law proceedings abolished. Reduction of house and window duty for small houses. Other reductions for hemp, coffee, wine, spirits in England and other articles. Huskisson's tariff of 1825. Consolidation of the customs' laws. Robinson's review of the fiscal situation in 1826. Hume's counterstatement. Reduction of
--

CONTENTS.

XV

	PAGE
the duty on tobacco. Canning forms an administration in February 1827. His death in August	260

CHAPTER IV.

THE WELLINGTON ADMINISTRATION. 1828-1830.

Wellington and the Canningites. Huskisson resigns office. The Canningites follow. The budget of 1828. Further reduction of the sinking fund. Parnell on financial reform. Abandonment of the sinking fund. Repeal, in 1830, of the taxes on leather and beer. Reduction of the duty on sugar. Fall of the ministry.	273
---	-----

CHAPTER V.

LORD GREY'S ADMINISTRATION.

The whig administration under Grey. Althorp as chancellor of the exchequer. The budget of 1831. Repeal of the taxes on coals and slate, printed cottons and candles. The budget of 1832. Change in the financial year. The reformed parliament. The budget of 1833. Reduction of the duties on sea-insurance. Exemption of insurances of agricultural produce from fire-insurance duty. Reduction of duty for shops. Other reductions of taxes. Repeal of half the duties on soap. Ingilby's motion for the reduction of the duty on malt. Althorp's counter-proposition. Agitation for repeal of the taxes on houses. The budget of 1834. Repeal of the tax on inhabited houses. The motion of Lord Chandos for the relief of the agricultural classes. Ingilby's motion for the repeal of the tax on malt. Lord John Russell nearly upsets the Reform coach. The Canningites resign	279
---	-----

CHAPTER VI.

LORD MELBOURNE'S ADMINISTRATION. 1834-1842.

Reconstruction of the ministry under Melbourne. Death of Lord Spencer. Melbourne dismissed, November 14. Peel's first administration, December 10 to April 8, 1835. Return of Melbourne to power. Effect of the late inordinate repeal of taxes. In 1836 Spring Rice gives a cheaper newspaper to the middle classes. The chancellor of the exchequer in difficulty, 1837-42. Increasing expense of the army and navy. Defeat of the ministry on the Jamaica bill. They resign. The bed-chamber plot. Francis Baring at the exchequer. The budget of 1840. General rise in the customs, excise, and assessed taxes. Deficit for 1841-42. Plan for the reduction of the duties on timber, sugar and corn. Vote of want of confidence. Dissolution of parliament	291
--	-----

BOOK IV.

THE REFORM OF TAXATION. 1842-1870.

CHAPTER I.

PEEL'S SECOND ADMINISTRATION. 1842-1846.

PAGE

Peel's antecedents and position in the house of commons. Result of the elections. Resignation of the whig ministry. Peel's second administration. The political outlook, by Campbell. The budget of 1842. Reimposition of the income tax for four years. First reform of the tariff. Increase of railways. The budget of 1845. The income tax continued for three years. Second reform of the tariff. Repeal of the tax on glass and the tax on property sold at auction. The corn laws. The famine in Ireland forces Peel's hand. Repeal of the corn laws. Combined attack upon Peel. He resigns. The Peelites . . . 301

CHAPTER II.

LORD JOHN RUSSELL'S FIRST ADMINISTRATION, 1846-1852,
AND LORD DERBY'S FIRST ADMINISTRATION, 1852.

The income tax continued in 1848. Sir Charles Wood's budget in 1850. Repeal of the tax on bricks. Reductions in the stamp duties. Death of Peel. Repeal, in 1851, of the window tax, and re-imposition of the tax on inhabited houses. In December, Palmerston resigns. Defeat of the ministry, February 1852. The first Derby administration. Disraeli's budget of 1853. The battle of the malt tax 312

CHAPTER III.

THE ABERDEEN COALITION ADMINISTRATION, 1852-1855, AND
PALMERSTON'S FIRST ADMINISTRATION, 1855-1858.

Gladstone's budget of 1853. The income tax continued for seven years. Imposition of succession duties on land. Increase in the spirit duties in Ireland and Scotland. Repeal of the tax on soap. Repeal of the tax on advertisements. Revision of the assessed taxes. Alteration in the mileage duty on posting. Penny taxation. Third revision of the tariff. The taxes on property insured are condemned. Outbreak of the war with

	PAGE
Russia. Gladstone imposes, in 1854, 7 <i>d.</i> additional income tax. The duties raised on spirits, sugar, and malt. Defeat of the ministry on the question of the Sebastopol committee. They resign. Palmerston's administration. Resignation of the Peelites. The budget of 1855. The duties raised on sugar, coffee, tea and spirits. Additional 2 <i>d.</i> on the income tax. The treaty of Paris ratified April 27, 1856. Curious effect on the war 9 <i>d.</i> of income tax. Deficit met by a loan. The budget of 1857. Expiration of the war malt duty. Repeal of the 'war ninapence.' The question of 'the Arrow.' Defeat of the ministry. Dissolution of parliament. Settlement of the duties on tea and sugar for three years. The bill against conspiracy to murder. The French colonels. Defeat and resignation of Palmerston	320

CHAPTER IV.

THE SECOND DERBY ADMINISTRATION, 1858-1859. THE SECOND PALMERSTON ADMINISTRATION, 1859-1865. THE SECOND RUSSELL ADMINISTRATION, 1865-1866. THE THIRD DERBY ADMINISTRATION, 1866-1868. AND THE FIRST DISRAELI'S ADMINISTRATION, 1868.

Disraeli's budget of 1868. Abolition of Cornwall Lewis's sinking fund. Equalisation of the spirit duty throughout the United Kingdom. New tax on cheques on bankers. Dissolution of the parliament. Vote of want of confidence. The second Palmerston administration, 1859. A strong ministry. Gladstone's budget of 1859. Increase in the army estimates. The malt credit taken up. The income tax raised from 5*d.* to 9*d.* Important budget of 1860. Two millions of terminable annuities fall in. The commercial treaty with France. Gladstone's bold policy of advance. Re-imposition of the income tax at the rate of 10*d.* Fourth revision of the tariff. Bill to repeal the duty on paper rejected in the house of lords. 2*s.* additional on spirits granted for the China war. The budget of 1861. Over-estimated revenue for 1860-61. A penny taken off the income tax. Repeal of the duty on paper. Commutation, in 1862, of the duty on hops for a license duty. General impression that too many taxes had been repealed. Gladstone's answer. Reduction, in 1863, of the income tax from 9*d.* to 7*d.* Reduction of the duty on tea to 1*s.* Rapid increase in the revenue. Large surplus in 1864. Another penny off the income tax. Reduction of the duties on fire insurance and on sugar. Approach of a general election in 1865. The budget. Surplus of four millions. Reduction of the income tax from 6*d.* to 4*d.* Reduction of the duty on tea to 6*d.* Further reduction

	PAGE
of the duty on fire insurance. The elections. Death of Palmerston, October 1865. Earl Russell succeeds him. Total repeal, in 1866, of the duties on timber and pepper. Defeat of the ministry on the reform bill. The third Derby administration. The financial crisis of 1866. Disraeli's budget of 1867. Falling in of the 'dead weight' annuity. Creation of new terminable annuities. Reduction of the duty on marine insurance. The Abyssinian expedition. Vote of two millions. Additional 1 <i>d.</i> on the income tax. Retirement of lord Derby, March 1868. Disraeli prime minister. The budget of 1868. The income tax raised from 4 <i>d.</i> to 6 <i>d.</i> Dissolution of parliament. The elections. Resignation of the ministry	330

CHAPTER V.

THE FIRST GLADSTONE ADMINISTRATION, FROM 1868 TO 1871.

The Gladstone administration. Lowe's budget of 1869. A wind-fall. Repeal of the duty on corn and the duty on fire insurance. Reduction of the income tax from 6 <i>d.</i> to 5 <i>d.</i> Break-up of the old assessed taxes. Repeal of the taxes on locomotion, except the tax on railway passengers. The budget of 1870. Reduction of the income tax from 5 <i>d.</i> to 4 <i>d.</i> Repeal of half the duties on sugar. Consolidation and reform of the stamp duties. Review of the fiscal position	354
---	-----

BOOK V.

TAXATION SINCE 1870.

CHAPTER I.

THE FIRST GLADSTONE ADMINISTRATION, FROM 1870 TO 1874.

The budget of 1871. Prosperous state of the revenue. Deficit due to high army estimates. Proposed new taxes:—1. An increase in the probate and succession duties; 2. A tax on the manufacture of matches; 3. An increase by percentage on the income tax. Unpopularity of the budget. The proposals are withdrawn. The income tax raised from 4*d.* to 6*d.* Lowe's speech on the national debt. A picture of material prosperity. The income tax reduced, in 1872, to 4*d.* Defeat of the ministry on the Irish education bill. They resign, but return to office.

	PAGE
The budget of 1873. Reduction of the income tax to 3 <i>d.</i> Reduction of the duties on sugar. Alterations in the ministry. Gladstone chancellor of the exchequer. Dissolution of the parliament, in January 1874. General elections. Resignation of the Gladstone administration. Summary of the alterations effected in taxation by this administration	363

CHAPTER II.

THE SECOND DISRAELI-BEACONSFIELD ADMINISTRATION, 1874-1880.

The budget of 1874. The basis of the estimate of revenue. Surplus of six millions. A million and a quarter devoted to the relief of local taxation. Reduction of the income tax from 3 <i>d.</i> to 2 <i>d.</i> Repeal of the taxes relating to horses. Repeal of the tax on sugar. The budget of 1875. New sinking fund. The rise in the yield of the spirit duties ceases. 1876, the Suez Canal shares. The budget. Increase in the army, naval, and civil service estimates. Estimate of the revenue. The income tax raised to 3 <i>d.</i> The ready-made budget of 1877. Bad harvest. The budget of 1878. The income tax raised from 3 <i>d.</i> to 5 <i>d.</i> Additional duties on tobacco and on dogs. Another bad harvest. The prospect before budget day, 1879. The budget. A third bad harvest. General depression. Resolution to dissolve parliament. The budget of 1880. Disappointment of two millions. Increase in the probate duties	378
---	-----

CHAPTER III.

THE SECOND GLADSTONE ADMINISTRATION, 1880-1883.

The supplementary budget of 1880. Additional duties on licenses for publicans. Repeal of the taxes on malt and brewers' licenses. Re-imposition of the tax on beer. Additional 1 <i>d.</i> on the income tax to cover the change. The budget of 1881. Repeal of the additional 1 <i>d.</i> on the income tax. Surtax on foreign spirits and rum. Alterations in the probate and legacy duties. Additional income tax, in 1882, for the Egyptian expedition. Gladstone resigns the chancellorship of the exchequer. Mr. Childers appointed to the post. The Budget of 1883	388
---	-----

SYNOPSIS OF THE SOURCES OF THE REVENUE FROM TAXES IN THE UNITED KINGDOM, 1881	395
---	-----

APPENDICES.

	PAGE
I. COST OF EACH WAR FROM 1688 TO 1869	402
II. AMOUNT OF NATIONAL DEBT ACCRUED FROM THE SEVERAL WARS	403
III. ADMINISTRATIONS, 1702-1882	404
IV. AVERAGE NAVAL AND MILITARY EXPENDITURE—PEACE ESTABLISHMENT	408
V. SCHEME OF THE TAX ON BURIALS, BIRTHS, AND MAR- RIAGES, AND THE TAX ON BACHELORS, IN FORCE FROM MAY 1, 1695, TO AUGUST 1, 1706.	409
VI. CHARACTERS OF SIR ROBERT WALPOLE AND MR. PELHAM, BY LORD CHESTERFIELD	411
VII. EXTRACT FROM BURKE'S THIRD LETTER ON THE PRO- POSALS FOR PEACE WITH THE REGICIDE DIRECTORY OF FRANCE, 1797	414
VIII. STATE OF THE CUSTOMS LAWS IN 1784	428
IX. STATEMENT SHOWING THE ESTIMATED AGGREGATE REDUC- TION OF CUSTOMS DUTIES BETWEEN 1835 AND 1853 . .	431
X. THE GROSS RECEIPT OF THE CUSTOMS REVENUE OF THE UNITED KINGDOM IN EACH YEAR FROM 1835 TO 1855	432
INDEX	433

BOOK I.
COMMENCEMENT OF TAXATION IN THE
MODERN FORM. 1642—1688.

CHAPTER I.
DURING THE TIMES OF THE COMMONWEALTH.

CHAPTER II.
FROM THE RESTORATION TO THE REVOLUTION.
1660—1688.

CHAPTER I.

DURING THE TIMES OF THE COMMONWEALTH.

Taxes on property. The old subsidy. The commonwealth assessments. The weekly meal tax. Taxes on articles of consumption. Continuance of the customs, tunnage of wine and poundage of goods. Tax for the redemption of captives of the pirates of the Mediterranean. The excise or new impost. Its establishment. List of articles charged. Death of the lord protector. His son Richard declared protector. Restoration of the Rump. The Convention. Return of Charles II.

AFTER the commencement of the war between Charles I. and the parliament, the expenses of the contest were, at first, to a great extent, defrayed by voluntary contributions made by the supporters of either side in money, jewels, and more particularly, plate, of which there was an enormous quantity in the country; the nobles being profuse in their contributions of plate for the service of the king at Oxford, while on the parliamentary side the subscriptions of silver offerings included even such little personal articles as those that suggested the term, the 'Thimble and Bodkin' army. But when the contest was prolonged and most of the old English plate had passed into the melting-pot, both the king and the parliament were compelled to have recourse to more systematic methods of obtaining the means for continuing the

struggle, and taxes were introduced into this country for which no precedents are to be found in our previous fiscal history.

In the taxes imposed by the parliamentary ordinances we find the germs of our subsequent fiscal system.

In the taxation of property, the parliament tried at first the old Tudor subsidy. But this, as a yearly or at the most a half-yearly tax, proved unsuited to their requirements, and in order to obtain the more rapid and continuous supply required for payment of the parliamentary forces, they adopted a system of MONTHLY ASSESSMENTS, as follows:—First, a sum was fixed, according to the exigencies of the occasion, as the whole monthly assessment for England and Wales, or Scotland, or Ireland, as the case might be. The sum varied from 35,000*l.* to 120,000*l.* It was partitioned between the several counties and towns named in the ordinance, on a calculation made by reference to the highest return ever made by the particular county or town for a subsidy. And this method of valuation was adopted in consequence of the diminution observable in some cases in the later returns, which showed that ‘the zeal of the people had begun to fall off;’ in other words, in order to avoid incorrect and fraudulent returns. Commissioners for the assessment were named in the ordinance. And for the due payment of the sum fixed as the contribution of a particular county or town, the county or town was held responsible. The assessment of the taxpayers and the collection of the tax was therefore left, as a matter of

local detail, to the local authorities, under regulations for the purpose contained in the ordinance. The subsidies, it will be remembered, had been collected by officers appointed by the commissioners; and the commissioners, under the subsidy system, were appointed by the lord chancellor, lord treasurer, and certain other great officers of state. Lastly, the ordinances contained a new provision, which was necessary to meet cases where the owner of land was an absentee, possibly in the ranks of the opposite party, and which was now adopted as a general rule:—Primarily, the tax was assessed upon and paid by the occupier of land; and he, if a tenant, had power to deduct from his next payment of rent the landlord's quota originally paid by him.

The practice in the assessment of the taxpayers under the commonwealth system was very different from that for the subsidies, which had been so loose that anything approaching to a system can hardly be said to have existed. The 'subsidy men' had been put up or lowered in the subsidy books without any reasons that could be reduced to a rule. While allowances of various descriptions had been made for which no statutory provision existed, more particularly for the expenses of position and for large families. Under the commonwealth the taxpayers were rated by the local authorities at what they were really worth; the result being, not any increase in the amount to be paid to the treasury, for that was fixed, but the more equitable adjustment of the burden of the tax as regards the various taxpayers in every particular county or town.

The monthly assessments continued in use during the existence of the commonwealth.

A tax curiously characteristic of Puritan times deserves a passing notice: a weekly meal tax, or necessary contribution from every person of the price of one meal a week, which he was obliged to retrench, was levied by the parliament during six years, and produced about 100,000*l.* per annum.¹

As regards indirect taxation, the parliament, having the command of London and most of the large sea-ports, were able to adopt the system of customs at the ports on goods exported and imported. The customs and subsidy of wool, so fruitful of revenue in former times, were indeed abolished, in consequence of the prohibition, in 1647, of the exportation of wool; but they continued the tunnage for wine and poundage for goods, and established a new Book of Rates for the poundage. Originally imposed for a limited term only, the customs were continued, subsequently, by ordinances passed for the purpose, and eventually, in 1656, were established for England, Scotland and Ireland, and the islands thereto belonging; not only for the 'necessary safeguard of the seas, convoy of merchants' ships and goods and the security of trade,' as heretofore had been usual, but also because of 'the necessity of the commonwealth for money to carry on the affairs thereof.'² No good purpose would be served by passing

¹ 608,400*l.* for the six years in which it was collected.—Stevens, *Hist. of Taxes*, p. 290.

² By Ord. Dec. 16, 1647, from Mar. 26, 1648, to Mar. 26, 1651. Continued, by Ord. Mar. 11, 1650, to Mar. 26, 1653; by Ord. Mar. 22,

under review all the particulars of the tariff of 1656. But we may note that the wines of Spain—canaries, muscadels, and alicants—were charged at higher rates than those of other countries; a difference which marks the antagonism existing between the commonwealth and that country.¹ Our minerals come into notice in the additional duties imposed upon lead and tin on exportation, and the special provisions made for securing the duties on seaborne coal, more particularly the great coal and small coal of Scotland.

While, lastly, the continuance of a small additional duty on all imported merchandise for the redemption of captives taken at sea by Turkish, Moorish, or other pirates, has an historical interest. These pirates, famous as the cause of that 'damage to our shipping' and those 'atrocities in the capture and imprisonment of our countrymen' that were considered to amount to 'a peril to the whole kingdom' sufficient to justify the issue of the Ship Writs,² had hitherto continued unabated. But Robert Blake, appointed a tax-commissioner for Somerset in the ordinance for the assessment in 1656, and therein described as 'one of our generals at sea,' had sailed, in the spring, under secret orders for operations very different from the taxation of the makers of broad-cloth at Taunton or Bridgewater. Before this, he had called to account for acts of piracy

1652, to Mar. 26, 1654; and by Ord. Mar. 20, 1653, to Mar. 26, 1658. —Scobell, Part i. 136, Part ii. 152, 232, 279, 385.

¹ The importation of French wines, silk, and wool, was prohibited from 1649 to 1656, in retaliation for the exclusion of our woollen goods from France.

² Vol. i. 232.

the Bey of Tunis, and the Dey of Algiers, whose castles of Giletta and Porto Farino he had taken, destroying also the pirate fleet. The Dey of Tripoli had been reduced to terms, and henceforth English vessels sailing on the seas within the Pillars of Hercules experienced very different treatment at the hands of the pirates of the Mediterranean.

In addition to the customs, the parliament introduced into our fiscal system inland duties imposed upon a great variety of articles of consumption, payable on the sale of the articles. Taxes of this description had long existed in several continental nations. To such taxes Michiel, the Venetian ambassador to the Court of queen Mary, refers, where, in his description of England, he mentions taxes imposed on salt, wine, beer, flour, meal, cloth, and other necessities of life, in all parts of Italy especially, and in Flanders, and notes the absence of any such taxes in England as 'singular and wonderful.' But taxes of this kind had always been hateful to Englishmen, who regarded them as a badge of slavery. In this view queen Elizabeth, when a project was mooted for the appointment of a surveyor of brewers in London, had been advised to refrain from taxing the national beverage, not only because 'it was doubtful whether she could, by her prerogative, grant a fee per barrel to be paid on beer,' but also because 'it was certain that, should she grant never so small a fee, the people would say their drink was "excised" as it was in Flanders, and would repine at it.' But the success of internal or inland duties on articles of consumption—or excises as they were termed,

from the excision of a part of the article taxed—in Holland, had brought prominently into notice the advantages of taxes of this description. There had been much talk of excises when Salisbury's project for new taxes in lieu of the feudal revenue, under the Great Contract, had been under consideration ; and, again, an excise had been among the projects for recruiting the king's revenue the advisers of king Charles had in contemplation in the later part of the reign. The excise was now introduced into England, upon the Dutch model, by Pym, who has been termed ' the father of the excise.'

This new system of taxation was established gradually. It originated in a resolution passed on March 28, 1643, and carried into effect by an ordinance of the same date, which imposed upon a variety of articles of consumption, specified in a schedule, including ale and beer, cider and perry, strong waters, and several other articles, an **EXCISE** and **NEW IMPOST**. Before the expiration of the year, additions were made to the list of articles subjected to excise. In January 1644, flesh, victuals, and salt ; and in July, alum, copperas, Monmouth caps, hats of all sorts, hops, saffron, starch, all manner of silks and stuffs, and several other ' commodities made or growing in England not formerly charged with excise ' were added to the list.¹

Originally imposed only for a limited term, the excise or new impost was subsequently continued, with certain alterations, by ordinances² passed for the pur-

¹ Scobell, i. 49, 59, 60, 73.

² An Ord. April, 1644, continues the excise for a year from Sept. 11, 1644. Another of 1644 mitigates the excise on strong waters. Another

pose, and eventually, by an ordinance of August 28, 1647, was established for all the various articles previously taxed, with the exception of flesh and salt of home production. Foreign salt, not made within the commonwealth, still continued subject to an excise of 1*d.* the gallon.¹

The administration of the excise was conducted, at a chief office established for the metropolis, by commissioners appointed by the parliament, with sub-offices and sub-commissioners for the other parts of England and Wales. A code of laws for securing the duties conferred on the commissioners and sub-commissioners considerable powers, and in particular a power to hear and determine all questions of offences, gave to the excise officers very full powers of inspection and survey, and for the seizure of forfeited articles; and enforced the laws by numerous penalties. So that it formed, in the whole, a system which, well administered, was calculated to terrify only the evil-doer and protect the fair trader, but which was peculiarly liable to misrepresentation and attack, on the ground of the apparent severity of its provisions, and as antagonistic in certain points to the principles of liberty so dear to Englishmen. Under an ordinance of September 20, 1649, the commissioners had power to let out to farm the excise upon all or any commodities.²

of Dec. 6, 1644, continues the excise on flesh victuals and salt to Jan. 9, 1645. Another of Jan. 29, 1645, continues the ordinances of excise or new impost to Sept. 11, 1646. Another of Apr. 25, 1646, continues them to Sept. 26, 1648.—Scobell, i. 68, 74, 75, 98.

¹ June 12, 1640.—Scobell, ii. 44.

² Scobell, ii. 130.

From the ingrained detestation of novelties which has ever characterised Englishmen, the opposition made in former times to the introduction into England of any new sort of tax, and the hatred of the people to taxes of this description, it was to be expected that the establishment of such a comprehensive system of taxation, having reference to articles of food and of daily necessity, and enforced by laws bristling with pains and penalties, would not be effected in England without serious difficulty. The people not only 're-pined' at this excising of their food, but gave expression to their feelings of irritation in an attack on the excise office. And it is not an exaggeration of statement to say that the excise was established at the point of the sword.

Subsequently, however, when the prime necessities of life—flesh and salt—had been struck out of the list; when the duties had become blended with and formed part of the price of the articles taxed; and when the people were accustomed to the tax, parliament found and acknowledged the excise to be 'the most equal and indifferent levy that could be laid on the people,'¹ and recorded that opinion in an ordinance of 1649. This opinion was repeated in an ordinance of 1656. And at this date the parliament, with a view to discharge the existing mortgages on the produce of the excise, carry on the other urgent and pressing affairs of the commonwealth, and defray the charges of the naval forces thereof in the war with Spain and against the common enemy, reimposed the excise for England and

¹ See recital to Ord. Aug. 14, 1649.—Scobell, ii. 72.

Wales, Scotland, Ireland, and the islands thereunto belonging, with a schedule of rates and charges, and according to the Book of Values mentioned in the ordinance,¹ as follows:—

The list of articles charged was divided into two parts, of which one had relation to ‘Foreign and Imported Goods;’ the other, to ‘Native or Inland Goods.’

List of the Commonwealth Excise.

Foreign and Imported Goods.

	£	s.	d.
Tobacco not of the English plantations, per lb.	0	1	0
„ of the English plantations, per lb.	0	0	1
To be paid by the first buyer from the merchant or importer.			
Wine, not Spanish, per tun	6	0	0
„ Spanish, per tun	9	0	0
Vinegar, per tun	2	0	0
Spirits made of any wine or cider, per gallon	0	0	4
Strong waters, perfectly made, per gallon	0	1	0
Beer and Ale imported into England and Wales, per barrel	0	5	0
Soap, soft or hard, per cwt.	0	6	0
Hops, per cwt.	0	10	0
Woollen cloth, per yard measure	0	5	0
Stuffs or other woollen manufacture, per yard measure	0	1	0
Dyed silk, per 20s. value	0	5	0
Silk lace and ribbands and gold and silver lace and ribbands, per 20s. value	0	3	0
Drugs, glass or glasses, earthen and stone wares, per 20s. value	0	2	0
Raw silk, rough hemp, undressed flax and tow, tar, rosin, pitch, wax, tallow, cable, cable yarn, and all manner of cordage, per 20s. value	0	0	6
Foreign salt, per gallon	0	0	1½

¹ Scobell, ii. 452-477.

	£	s.	d.
All other goods and merchandises (except bullion, corn, victuals, arms, ammunition, and ordnance of brass or iron) according to the value in the Book of Rates for Excise, per 20s.	0	1	0

Native or Inland Goods.

Beer or ale, above 6s. the barrel, brewed by the common brewer, or by any other person who sells or taps out beer or ale publicly or privately, to be paid by the brewer or such other person, per barrel	0	2	6
Beer or ale of 6s. the barrel or under	0	0	6
Hops, English, the cwt., to be paid by the planter	0	2	0
Saffron, English, for every .20s. value, to be paid by the planter	0	1	0
Tin, for every 20s. value, to be paid by the first buyer or exporter	0	1	0
Iron, English, which is past the forge and is wrought into bars, for every cwt., to be paid by the maker	0	0	6
All pots, backs for chimneys, plates, weights, anvils, and all other commodities of cast-iron (except ordnance and shot), for every cwt., to be paid by the maker or caster	0	0	3
Ordnance and shot of cast-iron, per cwt., to be paid by the maker	0	0	3
Aqua vitæ, or strong waters, made or distilled within the commonwealth, whether of foreign or domestic spirits or materials, per gallon, to be paid by the first maker or seller thereof respectively	0	0	2
Soap, per barrel, made within the commonwealth, of what sort soever, to be paid by the maker, and so proportionately for hard soap or soft soap	0	4	0
Silver and gold wire, for every ounce troy of silver, or gold prepared, melted down or disgrossed for wire, to be paid at the bar where the same is disgrossed	0	0	1
Copper, for every pound avoirdupois of any copper or any other metal, prepared, made fit, or disgrossed, to be paid at the bar where the same is disgrossed	0	0	2
Oil, for all linseed, whale, blubber, rape, and pilchard oil, and all other oils made within the commonwealth, per tun, to be paid by the maker	0	6	0

	£	s.	d.
Lead, for every fother containing 20 cwt., to be paid by the maker or smelter	0	6	8
Cider and perry, made and sold by retail, whether it be by the first maker or any buyer or receiver thereof from the first maker, per hogshead . . .	0	2	6
Metheglin or mead, and such like drinks, sold out by retail, to be paid by the maker, per gallon . . .	0	0	1
Starch, per cwt., to be paid by the first buyer . . .	0	1	0
Glass, all sorts of glass or glasses, upon every 20s. value thereof, to be paid by the maker	0	1	0
Salt, made within the commonwealth, and shipped or conveyed by water, to be paid by the first buyer, at the place of landing or unloading thereof, per gallon	0	0	0½
All other salt, not shipped or conveyed by water, to be paid by the first buyer, upon the first delivery, per gallon	0	0	0½
Upon all salt-upon-salt that is made of salt, within the commonwealth, to be paid by the maker thereof, per gallon	0	0	0¼

A special proviso exempted, from the excise upon salt, all salt expended upon the salting of any herrings, cod, ling, pilchards, or any other fish, and from the excise upon beer, 'the beer that shall be expended in taking the said fish.'

Another ordinance, of the same date, contained 'a Book of Values of merchandize imported,' according to which excise was to be paid by first buyer.

The list of articles specifically enumerated in this book, amounting to several hundreds, ranging alphabetically from Agates to Wine-lees, which were used at this date for making spirits, included: Small and large China dishes. A multiplicity of different drugs, and furs. Glass for windows; drinking glasses

of Venice, Flanders, and France ; looking glasses, termed penny-halfpenny ware, and large and small mirrors of steel, then in general use. All sorts of groceries, including sugar—candy brown, candy white, muscovadoes of Lisbon, and refined sugar. Linen. Paper. Silks. Tallow. Tar, and wood ; besides such smaller articles as tennis-balls, at so much the thousand ; and tobacco-boxes, &c. &c. And the list concluded with a sweeping clause : All other goods imported, not therein mentioned, were to pay excise according to the true value, viz. 12*d.* in every 20*s.* ‘ as they are valued to pay customs.’

Power was given to commissioners to let out to farm the several branches of the excise, and in 1657 an offer was made to give, for the farm of the excise and the customs duties, no less than 1,100,000*l.* per annum. This seems a large sum, but, on the other hand, according to a calculation made in 1656, it was estimated that the revenue ought to amount, without any land tax, to 1,300,000*l.* per annum.

Some revenue was derived, under the commonwealth, from licenses granted for the sale of wine.

After the dissolution of the third parliament of the Protectorate, by the lord protector, in February 1658, the intermittent fever from which he was suffering took a serious turn, ending in his death on September 3, the anniversary of the victory of Worcester. His son Richard was declared protector by the council. Parliament met in January, but was dissolved in April. In May, ‘ the Rump,’ that is to say, the remaining members of the Long Parliament, were restored by the

army ; and eventually, after the entry of Monk with the northern army into London, they dissolved, after appointing a new Convention parliament to meet in April 1660. This Convention invited the king to return, and Charles II. entered London on May 29, in the year described in the Statute Book as the twelfth of the reign.

CHAPTER II.

FROM THE RESTORATION TO THE REVOLUTION.

1660—1688.

Settlement of the revenue after the Restoration. Grant of the old customs of tunnage and poundage and the duties on woollen cloth. The Great Statute of Customs and the New Book of Rates. Abolition of the Court of Wards and Liveries, and Purveyance and Preemption. Proposals for a revenue in lieu of the feudal revenue. Grant of the hereditary excise. Grant of the temporary excise. The wine licenses. The revenue from demesne. Imposition of the hearth-money. Additional duties on wine and beer. Tax on law proceedings. The Extraordinary Taxes for the War: 1. Poll taxes; 2. Subsidies (the last of the subsidies); 3. Assessments. Taxation of the clergy. The tax on bankers, personal estates, offices, and land and mines. Accession of James II. Levy of the customs without a grant. Grant of the customs for life. Special taxes on wine, on tobacco, on sugar, and on French linen, silk, and brandy. List of taxes, 1688.

IN the course of the debates in the house of commons, after the Restoration, in 1660, regarding the settlement of the revenue, it was admitted that 900,000*l.* per annum, which was considered to have been the amount of the revenue in the time of Charles I., was inadequate to meet the ordinary expenses of the Crown; and the amount of the future revenue of the king was settled at 1,200,000*l.* per annum.

The Customs.

Having fixed the amount of the revenue to be raised, the parliament, proceeding to the question of

supply, granted towards raising the sum required, first, the old customs duties, including tunnage on wine; poundage on goods imported and exported; and the ancient duty on woollen cloth or the old drapery.¹ The grant was embodied in an Act which contained a new **BOOK OF RATES** or Table of Duties, divided into parts, relating to: 1. The tunnage on wine. 2. The rates of merchandise inwards. 3. The rates of merchandise outwards. 4. Directions for the payment of duty on woollen cloth or the old drapery. 5. Rules, orders, directions and allowances for the advancement of trade and encouragement of the merchant; for the regulation of the merchants in making due entries and just payments of their customs; and for the regulation of the officers in all the ports of the kingdom in the faithful discharge of their duty.

In effect a code of customs law, this Act was termed, in customs language, the **GREAT STATUTE**.² The duties under the Great Statute were termed the **OLD SUBSIDY**.

THE TUNNAGE ON WINE under the Great Statute differed by relation to the person by whom the wine was imported, the port of importation, and the country of production. For wine imported by Englishmen it was as follows:—

	£	s.	d.
Gascoign or French, brought into the port of London,			
the tun	4	10	0
Into any other port	3	0	0
Rhenish, brought into any port, the awme ³	1	0	0

¹ The prohibition of the exportation of wool was continued under the restored monarchy.

² 12 Car. II. c. 4.

³ 40 gallons.

FROM THE RESTORATION TO THE REVOLUTION. 19

Muscadels, malmseys, and other wines of the Levant,	£	s.	d.
brought into the ports of London, Bristol, or South-			
ampton, the butt or pipe	2	5	0
Into any other port	1	10	0
Sacks, canaries, malagoes, madeiras, romneys, hollocks,			
bastards, tents, and alicants brought into the port			
of London, the butt or pipe	2	5	0
Into any other port	1	10	0

As the butt or pipe, 126 gallons, was half a tun, 252 gallons, the rates per tun were in the two last cases as in the first case, 4*l.* 10*s.* and 3*l.*

Merchant strangers paid on all sorts of wine 1*l.* 10*s.* the tun additional to the aforesaid rates, and also ‘ the ancient duty of butlerage, which is 2*s.* for every tun.’

Wine landed in an outport and afterwards brought to the port of London by certificate, was charged with the difference between the duty paid and that for London.

In addition to the tunnage, 3*l.* for every tun of wine of France, Germany, Portugal or Madeira, and 4*l.* for every other sort of wine, brought into the port of London or elsewhere, was to be paid by the importer within nine months after importation ; for payment of which he was required to give security.¹

Henceforth all wines were to be free from the excise.²

THE POUNDAGE ON GOODS under the Great Statute was 1*s.* in the £, that is, at the rate of 5 per cent., on goods inwards and outwards, according to the value of the goods, as ascertained by reference to the Book of Rates.

Merchant strangers paid for any native commodities exported by them an additional 1*s.* in the £.

¹ Sec. 13.

² Sec. 14.

THE DUTY ON WOOLLEN CLOTHS or the old drapery, charged at so much the piece of cloth, was calculated after the rate of two farthings and half a farthing for every pound weight for Englishmen ; but strangers paid a double rate, besides the old duty of 1s. 2d. the piece. The duty, though still termed the duty on the old drapery, extended to the new sort of cloth termed Spanish cloth, otherwise narrow list, and to every other sort of woollen cloth of the old or new drapery.

The Book of Rates, as settled by the House, was subscribed by the hand of sir Harbottle Grimston, the Speaker ; and the grant of the customs was to the king for life.

The Excise.

As a second instalment towards raising the sum required, Parliament eventually adopted certain particulars of the commonwealth excise, by granting to the king the duties termed the hereditary and the temporary excises.

The first of these was granted in lieu of the revenue from the incidents of the feudal tenures :—reliefs, primer seizin, wardships, fines on alienation and other incidents, and purveyance and preemption. The reasons for the existence of the feudal incidents had long ceased to be ; and indeed the whole feudal system had long been practically obsolete. The strict enforcement of the incidents under Elizabeth had been the cause of serious complaints. So unpopular had they been found under the administration of James I. that the difficulty of finding taxes in substitution for the feudal

revenue had alone prevented the execution of Salisbury's plan for its total abolition in 1610. And in the reign of Charles, when lord Cottington, as chancellor of the exchequer and master of the wards, improved the revenue of the court of wards for the king, all the rich families of England, of noblemen and gentlemen, were 'exceedingly incensed by this husbandry, and even indevoted,' as Clarendon terms it, 'to the Crown, looking upon what the law had intended for their protection and preservation to be now applied to their destruction.'¹ The Court of Wards and Liveries, in which this revenue was enforced, did not long survive the commencement of the civil war. It ceased to sit from February 24, 1645; and, eventually, wardship, livery, primer-seizin, ousterlemain—all the feudal incidents, and all tenures by homage, and all fines, licenses, seizins, and pardons for alienation had been abolished, and all tenures in capite and by knights' service of the king or any other person and all tenures in socage in chief, had been turned into free and common socage, that is, ordinary tenure.²

In the same manner, purveyance and preemption, royal prerogatives so unpopular that a volume might be filled with excerpts from county histories of complaints regarding these 'insupportable grievances to the people,' had as such also been abolished by the parliament. All the king's officers called purveyors, victuallers, buyers, takers or caters; his commissioners

¹ Clarendon, *Hist. Reb.*, Book ii. 102.

² By cap. 7, which comes next to *Humble Advice and Petition*, in Scobell, C 6, see p. 378.

by warrant and commission, who 'at will and pleasure had seized and taken the carts, waggons, carriages, and horses of the people for the removal of the king's household and for other purposes,' had ceased to be. And the people were secured against all 'seizures and takings of their hay, straw, oats, corn, cattle, victual, flesh, fish, food, timber and other chattels for provision of the king's household, at a price fixed at the pleasure of the king's officer,' or, as frequently happened, without any payment in return.

These unpopular prerogatives it was clearly impossible to revive. While it was acknowledged that the courts of wards and liveries and tenures by knights' service and the consequents upon the same had been found by experience more burdensome, grievous and prejudicial to the kingdom than they had been beneficial to the king,¹ and that it was impolitic, if not impossible, to revive them.

Under these circumstances, it was arranged that the court and the resulting profits thereof and purveyance and preemption should, with the consent of the king, be formally and legally abolished, and that, in substitution for the revenue and advantage from these sources, 100,000*l.* a year should be settled on the crown.

The next question was, as it had been in 1610, from whence this sum of money should be derived?

At first, it was proposed that the amount should be apportioned between and charged upon the various counties, as in effect a land-tax of that amount; and a

¹ 12 Car. II. c. 24, recital.

careful valuation of lands was made for the purpose by a committee consisting of the most considerable men of those times, who in their rating followed 'the rates observed in assessing the ship-money, as having been laid by persons who had no reason or interest to favour one county more than another.'¹

But objections were raised to this proposal. The tenures abolished affected, it was urged, only lands held in *capite* from the king. While the arrangement proposed extended to all lands, irrespective of the tenure by which they were formerly held. Unfair as regards the owners of lands not formerly held *in capite*, it could not, on principle, be maintained.

The next proposal made was that the 100,000*l.* should be charged by way of a rent-charge on such lands only as had been formerly subject to the tenures abolished. This, as it was an equitable, appeared at first to be a feasible, plan. But, on further consideration, this mode of arrangement appeared also liable to objection. Many years had passed since the practical abolition of the feudal tenures. The court of wards and liveries had practically ceased to exist in 1645. Under a law sanctioned by its existence heirs had succeeded to lands as free from the burdens in question, and had held them as free for more than half an ordinary lifetime. Other lands had been put into settlement or had been mortgaged. But the case of purchasers was a stronger case, and could not be ignored. And these now demanded on what ground they who, under the sanction of laws then existing had purchased their lands as free, could

¹ Davenant, *Essay upon Ways and Means*. Works, i. 87.

with any justice be required to compound for imaginary burdens.

These practical difficulties of adjustment induced many members of parliament to incline to the consideration of a third proposal based avowedly on grounds of expediency rather than of right, to the effect that, in substitution for the revenue and advantage from the sources which were now closed, the king should have, in lieu of the 100,000*l.* a year, a revenue to be derived from a set of duties on beer and ale and other liquors, of half the amount of those chargeable under the commonwealth excise. The advantage to the king of this proposal was at once evident to the court party. The duties, in their immediate produce, would far exceed 100,000*l.*, and the yield would increase day by day, in proportion to the increase in the consumption of the beverages charged with duty. Accordingly they put such pressure on the house of commons that, in the result, this proposal for an excise was carried.

The resolution of the House was carried into effect by an Act which remains outstanding on the statute book at the present day, and is known as the Act for the Hereditary Excise. This Act settled upon his majesty, his heirs, and successors, 'in full and complete recompense and satisfaction, as well for the profits of the Court of Wards and Liveries and the feudal tenures and incidents, as also for all manner of purveyance and preemption then taken away and abolished,' an hereditary excise, consisting of a set of duties on home-made, as opposed to imported, beer and ale,

cider and perry, metheglin or mead, vinegar beer, and strong water or aqua vitæ, liquors which had been charged under the commonwealth excise; on the new drinks—coffee, chocolate, sherbet, and tea, as then made and sold in the public-houses and coffee and chocolate-houses; and on foreign or imported beer and ale, cider and perry, spirits and strong waters.

In addition to the hereditary excise, parliament granted, after considerable debate, another set of duties, in respect of the same liquors, to the king for life. These duties, as distinguished from the hereditary, were termed the temporary excise, and the Act for the temporary excise was, in effect, a duplicate of that for the hereditary excise.¹

Under both Acts, the terms of the charge were almost precisely similar to those for the commonwealth excise; and the rates, almost in all cases half those payable under the commonwealth, were as follows:—

Native or Inland Liquors.

	<i>s.</i>	<i>d.</i>
Beer and ale, strong, over 6s. the barrel . . .	1	3
„ „ small, 6s. and under the barrel . . .	0	3
Cider and perry, the hogshead . . .	1	3
Metheglin or mead, the gallon . . .	0	0½
Vinegar beer, the barrel . . .	0	6
Strong water or aqua vitæ, the gallon . . .	0	1

Foreign or Imported.

Beer and ale, the barrel . . .	3	0
Cider and perry, the tun . . .	5	0
Spirits made of wine or cider, the gallon . . .	0	2
Strong water, perfectly made, „ . . .	0	4

¹ See 12 Car. II. c. 23, and compare ss. 14–37 inclusive, with ss. 28–47, of c. 24, the Act granting the hereditary excise.

New Duties.

	<i>s.</i>	<i>d.</i>
Coffee, the gallon	0	4
Chocolate, sherbet, and tea, the gallon	0	8

This list, it will be observed, includes all the liquors charged under the commonwealth excise except wine, which was now charged with an additional customs duty in lieu of the excise.

The only item of importance in the list of foreign liquors was that relating to spirits made of wine, which included French brandy, a spirit for which the demand was increasing day by day.

The duty on beer and ale was to be paid by the common brewer weekly. While all inn-keepers, ale-house-keepers, victuallers, or other retailers of liquors charged with excise, were to pay the duties on the liquors retailed by them monthly. The amount payable was calculated by reference to returns, which the traders were required to make, of all the liquors brewed, made or retailed by them, in the particular week and month respectively.

Importers of liquors were required to pay the duties, on entries made by them, before the liquors were landed.

The Crown also derived from the prerogative of granting licenses for the retail of wine an income of about 10,000*l.*, which formed part of the hereditary revenue.

The Demesne.

The royal demesne was not now of any great practical importance as a source of revenue. The

'1,422 manors or lordships, besides lands and farms in Middlesex, Shropshire, and Rutland,' inscribed in Domesday Book as royal demesne, and the subsequent accretions by forfeitures, escheats, &c., had at this date shrunk into a very moderate compass.

It will be remembered that, originally, the ancient demesne, consisting of lands that had belonged to Edward the Confessor and were considered to have belonged to the Heptarchic kings, was regarded as in the nature of national property. And on that ground parliament, should the king, by grants of ancient demesne, impoverish himself to such an extent as to compel him to resort to a request for a subsidy, might nullify and cancel the immoderate grants. While the demesne, not ancient, and all accretions to the king by escheat and forfeiture, were regarded as the property of the king, which he could alienate without any fear of the subsequent interference of Parliament.

But, in practice, this distinction between the ancient and the other demesne was not strictly observed by our kings. King after king alienated large portions of both kinds of demesne. On some occasions there were resurreptions of portions of the alienated lands;¹ and after the wars of the Roses, the king still continued to be the owner of vast landed possessions. But a steady process of alienation commenced in the reign of Henry VIII., whose liberality and profusion were not

¹ Of Resurreptions. Davenant, Works iii. 58. The subject of the alienations and resurreptions of royal demesne received considerable attention subsequently in the reign of William III. It is now of no practical importance.

exhausted in the dissipation of the treasure accumulated by his father, and the grants he made of the lands resumed from the monastic establishments. This king granted away large portions of the royal demesne, and the demesne was further diminished during the reign of his son by the enormous grants made to the friends of Somerset and Warwick. 'The inestimable wasting and consumption of the ancient revenues of the realm' was noticed as 'manifestly apparent,' by the Commons on their first grant of a subsidy to queen Elizabeth.¹ Nevertheless the queen, whose aversion to frequent applications to parliament for subsidies is notorious, had recourse to sales of royal demesne for her necessary expenses, and from this source, also, rewarded many who had rendered faithful service to the crown. The profusion of James I. to his favourites and the sales by Charles I. in his attempts to obtain money without recourse to parliament, completed a process of reduction which at the date of the commencement of the civil war had cut down the revenue from the demesne to 120,000*l*. And the remainder of the demesne was sold under the commonwealth.

After the Restoration, suggestions were made for the resumption of the demesne lands, but were met by the claims of *bonâ fide* purchasers and other possessors of lands formerly demesne who had strong political claims on the king as promoters of his return. Eventually, however, a considerable portion of the royal demesne was restored to the king; but Charles, careless of money, with many just claimants on his generosity, and a

¹ Vol. i. p. 186.

meagrely provided exchequer, renewed the process of alienation, and in 1663 had reduced the revenue from the demesne to about 100,000*l.* a year.¹

Imposition of the Hearth Money.

The revenue from all the sources before mentioned proved insufficient to make up the amount settled as ‘necessary to support the king’s crown and dignity,’ that is to say, 1,200,000*l.* Parliament, therefore, ‘considering that nothing conduceth more to the peace and prosperity of a nation, and the protection of every single person therein, than that the public revenue thereof may be in some manner proportioned to the public charges and expenses,’ in order to make up the required amount, granted to the king in 1662 a house tax extending to all houses except cottages. In form this tax was copied from a French original; the charge was 2*s.* for every hearth or stove in every dwelling-house,² and therefore the tax was known as the hearth-money or chimney-money. Extremely unpopular and at first collected with difficulty,³ the tax proved subsequently, when farmed, productive of about 170,000*l.* a year.

Other New Taxes.

The hearth-money proved to be an insufficient addition to the revenue, and, in the reign, additional duties were imposed upon wine, and upon beer, ale,

¹ Return Pub. Inc. and Exp. Part II. 433.

² 13 & 14 Car. II. c. 10. ³ Davenant, Works, i. 208.

and the other excisable liquors ; and new duties upon proceedings in the law courts.

1. Wine, charged under the Great Statute of the customs with duties less than those which had been payable under the commonwealth excise, stood first in the list of liquors to be taxed ; but the excessive taxation to which it was now subjected was, in a great measure, due to our jealousy of France, French wines having obtained, since the Restoration, the ascendancy in our market. In 1664, indeed, the intercourse between France and England had been materially advanced by Colbert's liberal tariff of that year ; but this tariff he was subsequently compelled, by pressure on the part of the French manufacturers, to alter, and by a new tariff, in 1667, foreign manufactures were effectively excluded from France. This formed the first step in the long war of the tariffs between France and England. We soon retaliated. In 1668, we raised a sum of 310,000*l.* by an imposition on wine and other liquors. In 1670, special additional duties were imposed upon wine and vinegar on importation for a term of eight years.¹ And in 1676, popular feeling on the subject ran so high that by the ' Act for raising money by a poll, and otherwise to enable his majesty to enter into an actual war with the French

¹ 20 Car. II. c. 1 ; 22, c. 3. The Dutch, whose manufactures were also excluded from France by the tariff of 1667, retaliated by the imposition of high import duties upon French manufactures and the exclusion of French wines and brandies ; and in 1672 the commercial warfare produced open hostilities. The ultimate result of a war which, in consequence of a coalition against France, was prolonged for several years was as regards the Dutch an alteration in their favour of the tariff of 1667 by the treaty of Nimeguen (Nymegen).

king,' we prohibited the importation of the wine, brandy and several of the principal manufactures of France.¹ The prohibition was, it is true, of no long continuance; but in the next year, 1677, the special duties on wine granted in 1670 were continued for a term of three years.²

2. The additional excise on beer, ale, and other liquors granted from June 24, 1671, for six years, was renewed for three years in 1676. The rates were 9*d.* for strong beer and 3*d.* for small beer, with other rates for the various liquors subject to the excise.³

3. The duties on proceedings at law, to be collected by the officers of court and paid over to the crown, were imposed in 1670, for a term of years to expire on May 1, 1680.⁴

In consequence of the disputes that arose between the king and his parliament, these three taxes were allowed to expire.

Extraordinary Taxes.

For the purpose of disbanding the army; for the Dutch war; and for the preparations for war against France, and other extraordinary occasions of expense during the reign, recourse was had to various forms of direct taxes, viz. poll or capitation taxes; the old Tudor subsidy; and the commonwealth form of monthly assessment.

The first poll, in 1660, produced 252,167*l.*⁵ Another,

¹ 29 & 30 Car. II. c. 1.

² 30 Car. II. c. 2.

³ 22 & 23 Car. II. c. 5.

⁴ Ibid. c. 9.

⁵ Commons Journal, viii. 196.

in 1666, for the purposes of the Dutch war,¹ about 500,000*l.* While a third, in 1677, for the preparations against France, in the Act which prohibited the importation of French goods,² produced about 150,000*l.*

In 1663, four entire subsidies were granted by the temporalty; and four subsidies, granted by the clergy, were confirmed by parliament in the ancient form.³ These subsidies produced only 282,000*l.* Estates of the value of from 3,000*l.* to 4,000*l.* a year, paid, it was said, in some cases, not more than 16*l.* It was now acknowledged that the subsidy was effete as a method of taxation, and it never again was used.

The commonwealth form of assessment was used on several occasions, and it was now settled that under this form of taxation the clergy should be combined with the temporalty. To this arrangement the clergy made no objection. Their privilege of granting subsidies in convocation had its disadvantages as well as its advantages. In former times, when their possessions were great, it had enabled them to stand in the position of purse-bearers to the king, and the church exercised towards the king a provident liberality, giving freely from a full purse in order to keep it. But the church had found it difficult to maintain the same liberality with diminished resources; and, moreover, had now no reason for any extraordinary generosity to the king. Under the commonwealth assessments, the property of the clergy had been assessed in common with the property of the laity, and the clergy found their propor-

¹ 18 Car. II. c. 1.

² 29 & 30 Car. II. c. 1.; ante, p. 30.

³ 15 Car. II. cc. 9, 10.

tion of payment less under that system than under the system of separate grants. They had no wish to return to the ancient system. Accordingly, it was settled that the practice under the commonwealth assessments should be continued. And, inasmuch as taxation involves representation in parliament, henceforth the parochial clergy were allowed to vote at the election of members of parliament.

Lastly, a sum of 800,000*l.*, granted to the king in 1670, was levied in a special manner, which marks the increasing importance of the new order of bankers, and an inclination, on the part of the government, to select them as successors to the Jews of former, and the church of more recent, times in the office of purse-bearers to the king. This 800,000*l.* was to be levied as follows: By a rate of 15*s.* in every 100*l.* belonging to bankers, or lent to the king at above 6 per cent.; 6*s.* in every 100*l.* on all personal estates; 2*s.* in the *£* on the salaries of all offices and places; and 1*s.* in the *£* on lands and mines.

Reign of James II.

The legal grant of the customs subsidies determined on the death of the king, but James II., after his accession to the throne, before the assembling of parliament, under the advice of his council acting on the suggestion of lord chief justice Jeffreys and contrary to the counsel of lord-keeper North, continued to levy the duties under the pretext of a proclamation. Notwithstanding this arbitrary act, the parliament

subsequently granted to the king for life the revenue enjoyed by king Charles.¹

At this date the customs, taken out of farm in 1671 and placed under commissioners, and the excises on beer and ale, taken out of farm in 1683 and placed under commissioners, had both considerably increased in yield. Nevertheless, it was allowed that in the whole the revenue was insufficient to meet the expenses of the Crown. Special duties were therefore again imposed upon WINE and vinegar, viz. : for every tun of French wine or vinegar, 8*l.* the tun; and for Spanish and other wine, 12*l.*²

Special duties were also imposed, after considerable opposition by the merchants, sugar refiners and tobaccoists, upon TOBACCO AND SUGAR. These were the result of a suggestion of Dudley North, who had been, in the preceding reign, first, a commissioner of customs and, subsequently, a commissioner of the treasury, and who, having now returned to his former post at the customs, managed this affair in the Commons for the lord treasurer Rochester.

In the book of rates in the Great Statute of the customs, tobacco stood rated at the following values the pound :—Spanish and Brazil, including pudding and roll, 10*s.* ; plantation tobacco, viz. St. Christopher's, Barbadoes, or any of the Carib islands, Virginia and Summer islands, 1*s.* 8*d.* The subsidy, therefore, at 5 per cent., was 6*d.* the pound on foreign, and 1*d.* the pound on plantation tobacco ; but over and above the

¹ 1 Jac. II. c. 1.

² 1 Jac. II. c. 3.

subsidy, 1*d.* the pound was charged upon plantation tobacco, to be paid by the importer nine months after importation. The additional duties now imposed were 3*d.* the pound for plantation, and 6*d.* the pound for Spanish or other foreign tobacco.¹

In the same manner, sugar stood rated at the following values the cwt. of 112 lbs. Foreign, as opposed to plantation sugar :—candy brown, 10*l.* ; candy white, 15*l.* ; muscovado, i.e. brown sugar, 4*l.* ; refined double or single in loaves, 17*l.* ; St. Thome and Pannelis, 2*l.* ; white, 7*l.* 6*s.* 8*d.* Plantation sugar :—white, 5*l.* ; brown and muscovado, 1*l.* 10*s.* The additional duties now imposed were, for plantation sugar, $\frac{1}{4}$ *d.* the pound, that is, 2*s.* 4*d.* the cwt., for muscovado ; and $\frac{3}{4}$ *d.* the pound, that is, 7*s.* the cwt. for sugar made fit for common use ; for foreign sugar : Muscovado of Brazil or any other foreign part and Pannelis $\frac{1}{2}$ *d.* the pound, that is, 4*s.* 8*d.* the cwt. ; white, $1\frac{1}{4}$ *d.* the pound, and sugar imported in the loaf, 3*d.*²

These duties, which were in addition to the ordinary customs duties, were to be paid by the ‘consumptionner,’ as the retailer was termed. The merchant, planter or other person importing the goods, if a retailer, consumptionner, or shopkeeper dealing in those commodities, paid the duty on the goods before they left the custom-house or port where they were landed. In other cases, the merchant or importer was allowed

¹ The Act 22 & 23 Car. II. c. 26, to prevent the planting of tobacco in England, was revived by 1 Jac. II. c. 17, s. 13.

² 1 Jac. II. c. 4. The duty on sugar was granted from June 24, 1685, to June 24, 1693, and was not renewed. The duty on tobacco was continued by subsequent Acts, and was made perpetual by 9 Anne, c. 21.

to give security for payment of the duty before delivery of the goods to a purchaser.

A third addition to the revenue was made by additional duties imposed upon French and East India linen, several other manufactures of India, French wrought silks and stuffs, all other wrought silks, and brandy.¹

No alteration was made in our system of direct taxation under James II.

The general result of the arrangements connected with the revenue made under the later Stuarts resolves itself, therefore, into: (1) the continuation of the old customs on merchandise imported and exported, with additional taxes on wine, sugar, tobacco, and French and India linens and silks and brandy; (2) the substitution in lieu of the revenue from the feudal tenures, and in supplement to the revenue from demesne, of certain items of the commonwealth excise; (3) the imposition of the hearth-money; and (4) the suppression of the old subsidy, in favour of the commonwealth rate or assessment, as a tax for extraordinary purposes.

LIST OF THE PRINCIPAL TAXES IN FORCE IN ENGLAND AT THE DATE OF THE REVOLUTION. 1688.

I. DIRECT TAXES.

The hearth-money.

¹ These duties were granted from July 1685 to July 1690, when they expired. 1 Jac. II. c. 5.

II. TAXES ON ARTICLES OF CONSUMPTION.

Customs on Exports and Imports.

The old subsidy, 5 per cent. on the value of goods as rated in 1660.

The tunnage on wine.

The duty on woollen cloth.

The special duties on wine, tobacco and sugar, French and India linen, silks, brandy, &c., imposed 1685.

Excise.

The hereditary excise on beer and other liquors.

The temporary excise.

BOOK II.

TAXATION ON THE INCREASE. 1688—1815.

CHAPTER I.

FROM THE REVOLUTION TO THE COMMENCEMENT OF THE WAR OF THE SPANISH SUCCESSION, INCLUDING THE SETTLEMENT OF IRELAND AND THE WAR WITH FRANCE. 1688—1702.

CHAPTER II.

THE WAR OF THE SPANISH SUCCESSION. 1702—1713.

CHAPTER III.

FROM THE PEACE OF UTRECHT TO THE COMMENCEMENT OF THE WAR OF THE RIGHT OF SEARCH, INCLUDING WALPOLE'S ADMINISTRATION.

CHAPTER IV.

THE WAR WITH SPAIN (RIGHT OF SEARCH) AND THE WAR OF THE AUSTRIAN SUCCESSION. FALL OF WALPOLE. THE WILMINGTON, PELHAM, AND NEW-CASTLE ADMINISTRATIONS. 1739—1756.

CHAPTER V.

THE SEVEN YEARS' WAR. 1756—1763.

CHAPTER VI.

THE TAXATION OF AMERICA.

CHAPTER VII.

THE WAR OF AMERICAN INDEPENDENCE.

CHAPTER VIII.

THE TIMES OF WILLIAM PITT—BEFORE THE GREAT WAR. 1784—1792.

CHAPTER IX.

TAXATION DURING THE GREAT WAR. 1793—1815.



CHAPTER I.

FROM THE REVOLUTION TO THE COMMENCEMENT OF THE
WAR OF THE SPANISH SUCCESSION, INCLUDING THE
SETTLEMENT OF IRELAND AND THE WAR WITH
FRANCE.

1688—1702.

Produce of the chief branches of the revenue at the date of the Revolution, 1688. Repeal of the hearth-money. Settlement of the revenue. The special tax on sugar not continued. The Civil List of 600,000*l.* per annum. Civil List increased in 1698 to 700,000*l.* Expenses of the Revolution, the settlement of Ireland, and the war with France. The poll and capitation taxes. Tax on births, deaths, marriages, and bachelors and widowers. The property or land tax. New taxes on houses and hawkers. The Excise. Additional duties on the brewery. Tax on the distillery. Tax on salt. Tax on sea coal. Tax on glass. It is repealed as a failure. Tax on tobacco-pipes. Tax on malt. Tax on leather. Decrease in the yield of the customs. The imposts of 1690 and 1692. The duties on tonnage of shipping. Additional duties on French wine and goods. The duty on whale fins. The new subsidy of 1698. Repeal of the export duties on woollen manufactures in 1700. The stamp duties. Tax on hackney coaches and stage coaches. Proposed tax on the Jews. Tax on the joint stock of the East India Company. Résumé. List of taxes in 1702.

AFTER the Revolution, in the course of a debate on the subject of the revenue, February 27, 1689, the house of commons ordered a computation to be made of the produce of the chief branches of the revenue at this date. And in pursuance of the order, sir Robert Howard delivered to the House, March 1, a return,

showing the produce, clear of all charges of collection, to be approximately as follows :¹—

Direct Taxes.

The hearth-money now produced about 200,000*l.* per annum.

Customs or Port Duties.

The old customs.—The tunnage of wine and poundage of goods produced, on an average,² 577,000*l.*

The special duties granted in 1685 produced, in 1688, about 400,000*l.* : wine and vinegar yielding about 173,000*l.* ; tobacco and sugar, about 148,000*l.* ; and French linen, brandy, silks, &c., about 94,000*l.*³

The revenue from customs was, therefore, less than a million.

Excise or Inland Duties.

The hereditary and temporary excises on beer and ale, spirits, cider and perry, mead and metheglin, vinegar, tea, coffee and chocolate, produced, on an average, over 610,000*l.* ; and the annual average from licences for selling wine was about 10,000*l.*

The revenue from taxes at the date of the Revolution was therefore between 1,800,000*l.* and 1,900,000*l.*

Of this amount 200,000*l.* was given up almost immediately, when the hearth-money was repealed. This tax, copied from a French original, had not

¹ Commons Journals, vol. ii. Par. Hist. v. 150.

² Of four years, 1685–8.

³ 172,901*l.*, 148,680*l.*, and 93,710*l.* from Michaelmas 1687 to Michaelmas 1688.

proved well adapted for Englishmen. The diaries of Evelyn and of Pepys, and numerous other historical records of the time, contain abundant evidence of its unpopularity. It was hated on account of its incidence on a poorer class of persons than had been usually taxed under the easy régime of the subsidies. The necessary visits of inspection of the 'chimney men,' as the collectors were termed, were deemed invasions of the home of the Englishman. And the farmers of the tax were rigorous and unrelenting in their proceedings. The new king, pledged to a certain extent to reduce taxation, pressed by petitions to abolish this particular tax, and advised by the house of commons that the tax was incapable of improvement in its details, while a reduction of the charge would not remove the causes of its unpopularity, consented to repeal it wholly.¹ 'The government came in upon a foot of liberty,' writes Hampden, 'and the reason that the chimney-money was taken off was this: that every man might have his house free.'²

Deducting the produce of the hearth-money, the revenue from taxes was between 1,600,000*l.* and 1,700,000*l.*

The average naval and military peace expenditure from 1685 to 1687, both inclusive, had been 1,101,839*l.* per annum

In the course of the debates in the house of commons regarding the settlement of the revenue, it was

¹ 1 & 2 Will. & Mar. c. 10.

² Considerations about Ways of raising Money, 1692. *State Tracts*, ii. 309.

agreed that their majesties should have for the constant necessary charge of supporting the crown in time of peace a revenue of 1,200,000*l.* per annum.¹

A part of this sum would be raised from the perpetual sources of revenue belonging to the crown, which were:—The hereditary excise granted in lieu of the feudal revenue; several smaller branches of revenue, such as the first fruits and tenths, the wine licences, and the receipts from fines and forfeitures; and the crown lands. But the produce of the smaller branches of revenue was insignificant, while of the crown lands, it was stated in debate that the ‘revenue from that source was all gone; it is alienated from the king, he can have nothing from his land, but from parliament.’ The total income from all the perpetual sources of revenue would, therefore, go but a small way towards making up the 1,200,000*l.*

The temporary excise and the customs had determined when James II. ceased to be king. The excise was now granted to the new king and queen for their lives, and to the survivor for life,² as it had been enjoyed by Charles II. and James II., except the duties on the retail of drinks made from tea, coffee, and chocolate, which had proved unfair in their incidence and expensive to collect, in consequence of the number of officers required for the purpose. In lieu of these, special duties of customs were imposed upon the tea in the leaf, coffee-berries, and cocoa-nuts and chocolate,

¹ Par. Hist. v. 193.

² 2 Will. & Mar. c. 3. Further continued by 1 Anne, st. 1, c. 7, and 1 Geo. I. st. 1, c. 1, perpetuated by 1 Geo. I. st. 2, c. 12, s. 8.

when imported.¹ The annual import of these articles was not at this date sufficient to produce any considerable revenue, if all duty paid. But the duties now imposed were so excessive that no entries at all were made at the custom house, and a system of smuggling was started, which continued to exist for generations.

It was next arranged that the old subsidy of tannage and poundage, and the duty on woollen cloth, under the Great Statute of 1660, should be granted to the king and queen, but the question arose, for how long they were to be granted? This revenue was the mainspring of government. Without it the government of the country could not be carried on; while the king, in possession of it, could govern without the assistance of parliament. The life grant to Charles II. had enabled the council to act without a parliament; and the life grant to his successor had proved equally unfortunate in its results.

After a very careful consideration of the subject, the House in grand committee on the supply, March 27, mr. Hampden, chancellor of the exchequer, in the chair, came to the determination to grant, and did grant, the customs revenue to their majesties, not for life, but *for a limited term of four years*.² Several members had pressed for a life grant, and many others had expressed much good feeling towards the king personally; but it was 'taken for a general maxim, that the revenue for a certain and short term was the

¹ 1 Will. & Mar. sess. 2, c. 6.

² Par. Hist. v. 561. 2 Will. & Mar. c. 4.

best security that the nation could have for frequent parliaments, and the question was settled on that ground.' This limitation of the grant was not, of course, pleasing to king William, who regarded it as evidence of a feeling of jealousy of himself; but eventually he accepted the gift, under the persuasion of bishop Burnet, who explained that the limitation of the grant was due to a jealousy of those who might succeed him, and that if he would accept the gift for a term of years and settle the precedent, he would be reckoned the 'Deliverer' of succeeding ages, as well as the present.¹

The principle of a short grant of some considerable branch of the revenue has since been enforced, with a brief interval, down to the present day, when the tea duty is granted annually.

The special duties on wine and vinegar and tobacco were continued for a term; but the special duty on sugar, which had proved detrimental to our refiners for the export trade, was allowed to expire² in June 1693.

Such were the main features in the settlement of the revenue on a footing of peace after the Revolution, and the sources from which it was hoped that 1,200,000*l.* would be derived.

An alteration was now made in the appropriation of the revenue by the introduction of what is termed the 'Civil List.' This term was used to designate the sources of revenue appropriated to produce a fund for the payment of the charges of the civil government, which consisted of the expenses of the royal household

¹ Burnet. *Own Time*, iv. 76-7.

² 2 Will. & Mar. c. 5.

and of the civil list, more properly so termed. The civil list included the judges, the ambassadors, and other members of the civil service, and also the annuitants and pensioners of the crown, and gave a name to the whole fund, which continued to be applied to the expenses of the royal household long after the civil list had ceased to be connected with them. The amount for the civil list was fixed in 1689 at 600,000*l.* per annum. The special sources appropriated for the purpose were the hereditary excise, the other hereditary revenues, and the ordinary excise. Subsequently, after the war with France, the amount of the civil list was raised, in 1698, to 700,000*l.*, in 'grateful acknowledgment for the great and successful undertakings and achievements whereby his majesty had been the happy instrument of securing to the nation and posterity the blessings enjoyed under his most auspicious government, in the free exercise of the true Christian religion, and also in our liberties and properties.' And in order to raise the additional amount, a NEW SUBSIDY OF CUSTOMS was granted to the king for life. Any overplus from the sources of revenue appropriated to the civil list, and the remainder of the revenue from taxes, was under the control and in the disposition of parliament.¹

The expenses incident to the Revolution ; for the settlement of Ireland ; and for the war with France, rendered necessary, before the end of the century, a considerable increase in taxation.

¹ 9 & 10 Will. III. c. 23. See also 12 & 13, c. 12.

The Poll Taxes of William III.

The sources from which extraordinary revenue was derived to meet these expenses were various. On many occasions, poll taxes were imposed upon persons at different rates, according to their rank, condition of life, and other circumstances, with the following result in produce :—

The first poll tax, imposed in 1689, produced .	£288,000
A review of the first poll and an additional poll for 1690	23,000
The second poll tax, imposed in 1690 . .	240,000
The first quarterly poll, imposed in 1692 .	579,000
A review of ditto for 1693	6,000
The second quarterly poll, imposed in 1694 .	486,000
The capitation tax, imposed in 1697 . .	613,000
The third quarterly poll, imposed in 1698 .	321,000

The difference in the produce of the polls of different years was due to the difference in the manner of charging the tax ; but no poll or capitation produced anything near what might have been reasonably expected. Davenant, taking the returns for the old hearth-money as his guide, estimates the yield of the poll of 1692 as only half what it should have produced. The single advantage of a poll tax was the facility with which it could be assessed and collected as compared with an ordinary property tax, and the assessors and collectors paid more attention to rapidity of collection than to any correct and exhaustive assessment. It was notorious that all sorts of evasions prevailed. Since its introduction into England, on a French model, in 1380, when it had in no slight degree

proved the cause of the peasant insurrection, this kind of tax had never been popular. It touched, as did the hearth-money, a poorer class of persons than those liable under the subsidies. It was levied with no zeal or affection by the country gentlemen, who considered it hard and oppressive, particularly to the poor. It was not a form of tax in favour with Dutch financiers. Unfair and unpopular, it eventually was dropped, as unsuited to England. The poll tax of 1698 was the last; and henceforth this form of tax passed, together with the hearth-money, into the list of taxes tried and never again to be imposed in England. 'What minister,' said Henry Fox in 1748, 'would presume again to suggest the hated hearth-money of the Stuarts, or the poll taxes of the reign of William III.?'¹

A peculiar tax, imposed in 1695, according to the rank and condition in life of persons, upon births, marriages, and burials, supplemented by an annual tax on bachelors and widowers, was suggested by a tax in force in Holland, where every one contracting marriage was charged with a sum varying from three to thirty florins, according to the class in life to which he belonged, and the same sum before having a right to bury a dead person.² It was secured by means of a register, which was required to be kept in every parish. Imposed for five years, from May 1, 1695, and prolonged to August 1, 1706, it was not subsequently renewed. The yield during the first five years was 258,094*l.*, that is to say, 51,618*l.* per annum;

¹ See post, p. 121.

² *Over de Belastingen*, Amsterdam, 1837, p. 152, quoted De Parieu, iii. 491.

afterwards it was comparatively small. A scheme of these taxes is given in the appendix, No. 5. It may be noted that the tax on marriages had the pernicious effect of increasing the number of marriages by irresponsible persons unfit for the solemnity.

Settlement of the Property Tax.

Every year during the war considerable sums were raised by means of a property tax.

At first, in 1688, the old form of monthly assessment was used. Next, in 1689, a rate was tried, in respect of income, or assumed income, from personal property, taking 100*l.* of value as equivalent to an income of 6*l.*; income from offices and employments of profit (not naval or military); and the yearly value of houses, land, quarries, mines, iron and salt works, and profits from land. But the commissioners appointed by the crown were the persons who had been commissioners for the assessment in the previous year, and, as may be imagined, the assessment was made, to considerable extent, on the old lines of the last year's assessment. In 1690 the form of tax employed was a twelvemonth's assessment of 137,641*l.* 18*s.* 2*d.* per month: it produced 1,613,747*l.*; and the same method was used in 1691, when a twelvemonth's assessment was granted, and produced 1,613,874*l.*

In 1692, when there was another rate, of 4*s.* in the pound, an apprehension existed that a rate would be enforced, for the Lords annexed to the Tax Bill a clause to the effect that they should have power to settle the method of assessment for property belonging

to peers. This, however, they were subsequently compelled to relinquish, on the rejection by the Commons of the Bill and clause as a flagrant attempt upon their privileges. For this rate the assessors were not upon oath ; it produced about 1,922,000*l.* In 1693 there was a rate of 4*s.*, for which the assessors were upon oath ; but, as remarked by Davenant, ‘in matters of revenue it has been always found that oaths are very little regarded ;’¹ and the rate produced 10,000*l.* less than the rate for 1692. Subsequently, year after year, a rate was granted, and year after year the produce of the rate declined, as loose assessment and fraudulent returns sapped the foundations of the tax.

At last the process of diminution was arrested by parliament, who, in 1697, abandoned the principle of a rate by *fixing what a rate should produce*. 1*s.* in the pound was to produce 494,671*l.*, or, in round numbers, half a million ; and upon this footing a sum of 1,484,015*l.* was granted as and for a rate of 3*s.* in the pound. The sum was re-partitioned out, and charged in particular sums on the counties and towns specified in the Act ; and within every particular county and town, the sum charged was to be levied in the following manner :—First, by a rate of 3*s.* in the pound on an assumed income from goods, merchandise, and personal property, calculating these at their value, and assuming every 100*l.* of value to represent an income of 6*l.*,² and income from offices and employments ; and

¹ Essay upon Ways and Means. Works, i. 53.

² The legal rate of interest at the time. In 1714 it was reduced to 5 per cent. by 12 Anne, stat. 2, c. 16.

the residue of the sum, by a pound rate on the annual value of houses, land and real property. Later on in the same year, 500,000*l.* was granted to be levied in the same manner, substituting 1*s.* for 3*s.* in the pound.

In 1698, when another sum of the same amount as that granted in 1697 was granted as for 3*s.* in the pound, parliament further partitioned the tax, by enacting that every district and division should bear the same proportion of the whole charge that it had borne under the assessment for 1692. Henceforth the assessment of 1692 was to determine the quota of the district towards making up the sum charged in the Act upon the particular county or town of which it formed an integral part. The practice was continued in 1699, when a nominal 3*s.* rate was granted.

History repeats itself. As in 1334 the old system of grants of fractional parts of moveables, fifteenths and tenths, had been relinquished, and in lieu thereof a practice was adopted of granting a sum of money, to be partitioned out between the various counties and towns as for a fifteenth and tenth. As, when a rate was again adopted, in the 4*s.* on lands and 2*s.* 8*d.* on goods of the Subsidy system, again in course of time a subsidy became in practice to be in effect a demand of a certain sum in lieu of or as for a rate. So now after the Revolution, when a rate had again been tried, it fell into the same groove as the subsidy and the fifteenth and tenth ; and, though still nominally a rate of 1*s.* or 2*s.* or 3*s.* or 4*s.* in the pound, was, in effect, but a sum of about half a million, a million, a million and a half, or two millions, charged in specified amounts

on particular counties and towns, and within those counties and towns portioned out between particular parishes or districts, according to the assessment of 1692.

In the assessment of the various tax-payers, it happened that, as the tradesmen and others assessed in respect of their personalty died off, or departed from the particular district, the assessors charged their quota upon the land, adding it to the previous charge upon the landowners ; so that the tax, which was intended to rest in the first instance on goods and offices, the residue only being charged on the land—intended for a general tax on property, gradually became, in effect, a tax on land, and a most unfair one, because originally, the division of the whole sum representing the rate was extremely unequal, and as the relative riches of the different counties and towns specifically charged altered, the unfairness increased.

In 1700 a sum of 989,996*l.*, granted as for a rate of 2*s.* in the pound, produced 951,066*l.* ; and after this there were grants of one-third and two-thirds of a 3*s.* rate.

In the whole the amount raised by means of assessments and rates from 1689 to 1700 was 19,174,059*l.*

This system of a grant of a certain sum as for a rate of 1*s.*, 2*s.*, 3*s.*, or 4*s.* in the pound, for the particular year, continued in force down to 1798, when Pitt, before the introduction of his income tax, made the land tax at 4*s.* perpetual, in the form of a redeemable rent charge on the various districts.

Increase in the Direct Taxes.

The hearth-money of Charles II., repealed shortly after the Revolution, was succeeded by a fixed tax of 2s. on HOUSES, imposed, in 1696, by Montague, with higher rates for houses having more than a stated number of windows.¹ And when the local retail traders complained that this did not reach itinerant traders, and represented that they were at a disadvantage when compared with the hawkers, a tax was imposed upon HAWKERS AND PEDLARS in the form of a trade license, costing 4*l.* or more, according to the number of beasts of burden used, which 'every trading person, going from town to town, or visiting other men's houses, with goods to sell,' was compelled to take out annually.²

Another tax, on the hackney coach business or monopoly, imposed in 1694, was in effect but an extension of the licensing system for hackney coachmen in the metropolis, introduced in the reign of Charles I. in consequence of the 'danger to passengers and delay to cart traffic caused in the streets and passages of old London and Westminster by the unnecessary multitude of coaches used therein.' Under this system the hackney coachmen were limited in number, and were required to be licensed by the king's master of the horse. Every hackney coachman was now required to take out a license, for which he paid 5*l.*, and, subsequently, an annual rent of 4*l.*, the number of licenses being limited to 700. At the same time, a license

¹ 7 & 8 Will. III. c. 18.

² 8 & 9 Will. III. c. 23.

costing 8*l.* was required for drivers of stage-coaches in England and Wales. This was intended to be annual, but through a blunder in the Act was made to endure for a single year. There was no provision for any renewal, and, in the result, the tax on locomotion was limited to hackney coaches in the metropolis.

Increase in the Excise.

In the Excise, considerable additions were made to the tax on the brewery, which affected only beer brewed for sale. This caused a great diminution in the number of licensed victuallers, and a proportionate increase in private brewing, in consequence of which the yield of the old excise declined by about a quarter of a million. Therefore, though the produce of the additional duties was 420,000*l.*, the public got only 170,000*l.* per annum from the additions.¹

The tax on spirits was not at this date of special importance. French brandy had been the spirit most generally consumed before the outbreak of the war; when we first prohibited the importation of it, and next, curiously enough, imposed a heavy tax on the prohibited spirit, for the purposes of which it was subsequently necessary to revoke the prohibition. The high duties which came into force had the effect of diminishing the supply of brandy, and raising the price of the foreign spirit to an amount which placed it out of the reach of the lower classes. A home manufacture of spirits from malt and corn now commenced in earnest, favoured by the legislature as tending to

¹ Davenant. *Ways and Means*, Works, i. 26.

promote agriculture, to which much attention was devoted at this date. This manufacture was taxed in a new form, viz., by a tax on the low wines, that is, the spirit produced by the first distillation at the DISTILLERY in lieu of, as heretofore, an excise upon the spirits. The revenue from the distillery was, however, only in its commencement during the reign of William III.

To the impression that prevailed in all quarters, during the first six years of the war, that the war would not be a long war, may be attributed the neglect to increase the area of our taxation. Hitherto, Davenant observes, in taxing the people we had gone chiefly on land and trade, which is about one-third of the strength of England; that is to say, we had used only the property tax, which, as then constituted, rested in effect mainly on the land, and customs duties. The other two-thirds of the strength of England we let escape; so that usurers, lawyers, tradesmen, and retailers, with all that troop that maintain themselves by our vice and luxury, and who make the easiest and most certain gain and profit in the commonwealth, contributed little to its support. All these, he observed, might, by excises, be brought to bear their proportion of the common burden.¹ But the re-imposition of excises was what, at this time, the government were most anxious to avoid, and proposals made in the House, in 1694, for taxes on candles, soap, and leather were rejected. An excise on SALT was, however, reimposed in this year, and, in 1698, was enormously increased.

¹ Davenant, *Ways and Means*. Works, i. 62.

A tax on salt continued to figure in our fiscal list, with a brief interval, down to 1825.

The war was now resolving itself into a fiscal contest. 'Whenever this war ceases,' wrote Davenant, 'it will not be for want of mutual hatred in the opposite parties, nor for want of men to fight the quarrel, but that side must give out where money is first failing. If we in England can put our affairs into such a posture as to be able to hold out in our expense longer than France, we shall be in a condition to give the peace; but if otherwise, we must be contented to receive it.'¹

In 1695, a tax was again imposed upon SEA-BORNE COAL. Already coal imported into London was liable to a duty imposed for the purpose of building those new churches in the Italian style which Wren had raised in the metropolis, to stand in the place of old St. Paul's and the other churches destroyed in 1666 by the Great Fire. Of late years the consumption had increased threefold.² Coal, as carried exclusively by sea, was easily taxed. The duty now imposed touched all sea-borne coal coming from one part of the kingdom to another,³ and the tax continued in existence until 1831.

The manufacture of glass had, since the exclusion, or practical exclusion, of French glass, been brought, in a short time, to great perfection. Protected from competition from abroad, the manufacture could, it was considered, bear an inland duty, which was now imposed upon all glass wares manufactured in Great Britain, with an equivalent tax upon stone and earthenware bottles

¹ *Ways and Means, Works*, i. 15.

² *Ibid.* p. 46.

³ 6 & 7 Will. III. c. 18; see 9 & 10, c. 13; 1 Anne, stat. 2. c. 4.

as rivals to glass.¹ The tax on glass was not long-lived. The duty was reduced, in 1698, by a moiety, and as it was considered no longer necessary to retain the tax on stone and earthenware bottles, that tax was repealed. The tax on glass survived until 1699, when it was repealed as a vexatious and troublesome tax to levy and collect, of small advantage to the crown, and calculated, if continued, to lessen the produce of the coal duty by much more than the revenue it would produce; to hinder employment of great numbers of poor, and to endanger the loss of so beneficial a manufacture to this kingdom.² The repeal was followed by a prodigious development of the trade, and no further tax on glass wares was imposed until 1746.

A tax on the manufacture of tobacco pipes, imposed in 1696, was not more successful than the tax on glass wares, and after an existence of three years was repealed as a failure.³

To the prolongation of the war was due the imposition, in 1697, of a tax upon MALT. Malt had been suggested by Davenant, who had been formerly a commissioner of excise, in his essay on 'Ways and Means,' published in 1695, as an article of general consumption which might conveniently be excised, and which he calculated, if taxed at the rate of 3*d.* per bushel, would produce 525,000*l.* The duty now imposed, at the rate of 6*d.* and a fraction the bushel, produced, for the first three years, on an average, 330,000*l.* a year.

¹ 6 & 7 Will. III. c. 18.

² 10 & 11 Will. III. c. 18.

³ 7 & 8 Will. III., c. 31.

The last important excise imposed during the period under consideration was a tax on leather, imposed in 1697, for three years.¹

The Customs.

The revenue from customs suffered severely in consequence of the war and the measures of protective policy taken against France. According to the protective or mercantile system of the day, treasure or money alone was regarded as wealth, to obtain which was the proper object of commerce ; and only a commerce where the value of the exports exceeded that of the imports was considered advantageous. We excluded therefore by direct prohibition, or by means of duties so excessive as to amount to a prohibition, French wine, brandy, salt, linen, silks, and paper, on the ground that the importation of these commodities of the growth, produce and manufacture of France, tended to ' exhaust the treasure of the nation, lessen the value of native commodities and manufactures, greatly impoverish English artificers and handicrafts, and cause great detriment to the kingdom in general.'² The yield of the customs decreased by nearly one-half.

Additional duties were imposed as follows :—

In 1690, upon all East India and China goods and manufactures, wrought silks, raw silks, linen, timber imported from Europe, hops, pepper, grocery wares, articles of wrought iron, and several other articles ; in

¹ 8 & 9 Will. III. c. 21.

² 1 & 2 Will. & Mar. c. 34, continued for three years, 4 & 5, c. 25.

short, upon a variety of articles included in the tariff. These duties were termed 'the IMPOST of 1690.'

In 1692, 25 per cent. additional, upon all French goods, and lighter duties, seldom exceeding 5 per cent., upon several goods of other nations; and these duties were termed the 'IMPOST' of 1692.¹

In 1694, when the Spanish and Portuguese merchants successfully opposed a proposal for additional duties on wine, in lieu of the proposed duties, a special tax was imposed upon shipping, payable on the tonnage of all vessels importing merchandise into England and Wales, or carrying goods coastwise from one place to another;² but this tax, which was granted for four years, was subsequently repealed from May 17, 1796.

In 1695, when additional duties were imposed upon coffee, cocoa-nuts, tea, and spices. These duties, granted at first for three years, were subsequently revived and continued. They were known collectively as THE NEW DUTY.³

In 1696, when further additional duties were imposed upon French goods, viz., for wine, 25*l.* the tun; brandy, 30*l.* the tun for single proof, and 60*l.* the tun for double proof; and 25 per cent. upon all other French goods, making, with the 25 per cent. under the impost of 1692, 50 per cent.⁴ These duties were termed collectively THE FRENCH DUTY.

¹ Except wine, brandy, salt, and vinegar, which were specially taxed. 4 & 5 Will. & Mar. c. 5.

² Davenant, *Ways and Means*, Works, i. 32; 5 & 6 Will. III. c. 20; 7 & 8, c. 31.

³ 6 & 7 Will. III. c. 7; revived, 9 & 10, c. 14; continued by 12 & 13, c. 11, and subsequent Acts.

⁴ 7 & 8 Will. III. c. 20; made perpetual by 1 Geo. I. stat. 2, c. 12, s. 3.

In 1698, when in lieu of half the glass duties and the duties on stone and earthen bottles and tobacco pipes, which were repealed, a duty was imposed upon whale-fins, which, notwithstanding the double duty on fins imported by foreigners, went far towards the ruin of the Greenland trade ; and special duties were charged upon Scotch linens called 'twill' and 'ticking,' on importation into England.¹

And lastly, in the same year, the NEW SUBSIDY of customs for the Civil List, viz., a second set of duties of tunnage on wine and poundage on goods similar to the old subsidy ; the poundage on goods being 1s. in the pound, or 5 per cent. on the value of goods according to the book of rates in the Great Statute of 1660.² Any overplus from the subsidy was to be in the disposition of Parliament ; and subsequently in the reign, 3,700*l.* per week was appropriated to public uses out of the excess.

But the history of the customs during this period is not wholly a history of increased taxation ; for in 1700, the long-standing duties on the exportation of woollen manufactures, both old and new drapery, were repealed ; and also the duties on exported corn, grain, bread, biscuit and meal, which henceforth were allowed to be exported duty free.³

Such were the excises and customs imposed or repealed in king William's war with France.

¹ 9 & 10 Will. III. c. 45. Cut whalebone imported (other than in fins only) was forfeited and double the value. 9 & 10 Will. III. c. 23, s. 12.

² 9 & 10 Will. III. c. 23.

³ 11 & 12 Will. III. c. 20.

The Stamp Duties.

In this war stamp duties were first imposed in England in 1694, on the model of the tax in Holland, where it was obligatory to use for legal documents paper stamped with the impression of the greater or the lesser seal of the states, according to the importance of the transactions. In that country the stamped paper was a government monopoly; but under the system now established in England the use of government paper was not compulsory; the required stamp or stamps might be obtained on presenting parchment or paper for stamping at the government stamp office. Six different stamps were brought into use. One to designate a payment of 40*s.* was required for royal grants of lands, presentations to ecclesiastical benefices, and certain instruments of that class, and one of the five smaller stamps of 5*s.*, 2*s.* 6*d.*, 1*s.*, 6*d.*, and 1*d.* for a multiplicity of other legal instruments particularly specified in the Act.¹ The produce of the stamp duties for the four years, 1694–8, had been estimated at 300,000*l.*; but it proved to be less than 200,000*l.*, that is, not more than 50,000*l.* a year. In 1698 additional duties were imposed, chiefly on instruments previously charged.² The tax contained the germs of the important taxes on deeds of conveyance, settlement, mortgage and lease, and probates of wills.

Lastly, it may be noted that a project for raising 100,000*l.*, in 1689, by a tax on the Jews, failed in consequence of the representations made that such a

¹ 5 & 6 Will. & Mar. c. 21.

² 9 & 10 Will. III. c. 25.

tax would drive them from the country ; and that a tax on the joint stock of the East India Company, and on every share in the joint stock of the Royal African and the Hudson's Bay Companies, imposed in 1692, continued in force for a year only.¹ This tax had the effect of a caution to the public creditor. No one is more easily alarmed than the man about to lend his money ; and after this shock to credit, it was found expedient, if not necessary, to introduce into our Loan Acts a proviso that government annuities should be clear of all taxes and duties whatsoever, a contract with the creditor which precluded parliament from imposing, in good faith, any special tax on this species of property.

Summary.

Thus, in the reign of William III., in consequence of the increase on the side of expenditure, due mainly to debt incurred during the war with France, the property or land tax, though granted annually, settled into permanence as a tax to produce, in times of peace, a million of revenue, from a nominal rate of 2*s.* in the pound. In lieu of one kind of house tax, repealed, another was imposed, supplemented by a tax on itinerant traders, in the form of a license tax. The tax on hackney coaches in the metropolis was imposed, in extension of an existing system of licenses ; while that on stage carriages collapsed, in consequence of an error in the Act by which it was imposed.

Under the head of excises or inland duties on

¹ 4 & 5 Will. & Mar. c. 15, ss. 10-12.

articles of consumption, the national beverage was further taxed, not only directly by an increase in the tax on the brewery, but also by means of a new tax on malt, at that date the principal ingredient in beer and ale. The home manufacture of spirits, now rising into importance, was taxed by means of duties on the low wines or spirits of first extraction in the course of distillation, in lieu of a tax on the spirits sold ; while brandy and imported spirits were taxed by means of import duties in lieu of the excise. The national hatred of excises prevented the government from imposing several taxes of this kind that were suggested—on candles, on soap, and on leather, when originally proposed, though subsequently a tax was imposed for three years. They were able, however, to impose taxes upon salt and coal, and taxes upon the manufactures of glass, stone and earthenware bottles and tobacco pipes, which were subsequently repealed as failures. The produce of the excise varied considerably in different years ; but in 1700 it was over a million ; in 1701, 985,000*l.* ; and in 1702, nearly 1,400,000*l.*

In the customs the ‘old subsidy’ of tunnage and poundage, and the special duties on wine and tobacco were continued ; but the special tax on sugar was allowed to lapse, and the duties on exported cloth and woollen goods were repealed. There were added the new subsidy of 1698, granted for the civil list ; the impost of 1690, the additional impost of 1692 ; the new duty of 1695 on coffee, cocoa-nuts, tea and spices ; and the special duties on whale fins and Scotch linen granted

in 1698. French wine and brandy were additionally taxed; and French goods, by means of two additions of 25, forming 50 per cent. The effect of these additions was eventually to raise the yield of the customs, which in 1693, during the war, had sunk to 688,000*l.*, to over a million and a half in 1701, after the war; and that was about the amount of the yield for 1702.

The new stamp tax produced in 1702 about 94,000*l.*

The produce of the revenue from taxes at the end of the reign of William III. may be taken at about four millions and a quarter. The interest of the debt was now 1,174,000*l.* The average naval and military expenditure from 1698–1700 had been 1,299,000*l.*

LIST OF THE PRINCIPAL TAXES IN FORCE IN ENGLAND AT THE END OF THE REIGN OF WILLIAM III. 1702.

I. DIRECT TAXES.

The land tax.

On houses and windows, imp., 1696.

On the trade of hawkers, imp., 1697.

On the business of hackney coaches, imp., 1694.

The tax on burials, births and marriages, imp., 1695.

The tax on bachelors, imp., 1695.

II. TAXES ON ARTICLES OF CONSUMPTION.

Customs on Exports and Imports.

The old subsidy, 5 per cent. on the value of goods
as rated in 1660.

The new subsidy of 1698.

The impost of 1690.

The impost of 1692.

The tunnage on wine.

The special duties on wine and tobacco of 1685.

The new duty on coffee, cocoa-nuts, tea, and spices of 1695.

The French duty of 1696 on wine and brandy, and 25 per cent., making, with the impost of 1692, 50 per cent. on French goods.

The duties on whale fins and Scotch linen of 1698.

Excises on Native Goods.

The hereditary excise on beer and other liquors.

The taxes on beer, on malt, and on the distillery.

The tax on salt.

The tax on sea-borne coal.

III. THE STAMP DUTIES.

Duties on various deeds and instruments.

Duties on law proceedings.

CHAPTER II.

THE WAR OF THE SPANISH SUCCESSION.

1702—1713.

Death of William III. Godolphin appointed lord treasurer. The Civil List. Settlement of the revenue from the Crown lands. War of the Spanish Succession. Its cost. The land tax raised to 4*s*. The annual 'malt.' Grant of the one-third and the two-thirds subsidies of customs. The Methuen treaty and its provisions regarding the duties on wine. Transformation of the ministry. Fiscal arrangements with Scotland on the Union, 1707. Additional taxes on houses, beer, raisins, spices, and pepper. Extension of the warehousing system. New taxes on candles and leather. New tax on hops. New taxes on the manufactures of soap, paper, paper-hangings, printed silks, linens and calicoes, starch, and gilt and silver wire. Taxes on newspapers and advertisements. Additional duties on tea, coffee, and drugs. List of taxes in force in Great Britain in 1714.

WHEN Louis XIV., entering the room at St. Germain in which the deposed king of England lay dying, September 12, 1701, told him he might die at ease on the subject of the prince of Wales, whom he would recognise as king of England, Scotland, and Ireland,¹ he, in effect, proclaimed a continuance of the war between France and England. After the death of James, and the recognition of the Pretender by Louis XIV., the earl of Manchester, our ambassador, at once left Versailles. The king of France now increased his forces, while, on the other hand, the Grand Alliance between the emperor, Holland and England against France and

¹ St. Simon, *Mémoires*, iii. cap. 18, p. 217.

Spain was signed, and the necessary arrangements were made on our part for the recommencement of war.

King William did not live to take a part in the war. After his death, March 8, 1702, Sidney, lord, and subsequently earl Godolphin, next to Halifax the most experienced financier of the age, was, on the advice of Marlborough, appointed lord treasurer, and he and Nottingham, the secretary of state for the southern department, became, with Marlborough, the leaders of a mixed administration in which the tory predominated over the whig element.¹ The existing parliament determined by law six months after the death of the sovereign; and the elections resulted in the return of an enormous majority in favour of the tories.

A Civil List of 700,000*l.* a year was granted to the queen, and, in provision for its maintenance, the ordinary excise on liquors, the new subsidy of customs first granted in 1698, and the land revenue of the crown.

In the Act for the regulation of the Civil List an arrangement was made for the future management of the demesne. The Act recited that formerly the necessary expenses of supporting the crown, or the greater part of them, had been defrayed by a land revenue, which in the course of time had, in consequence of the grants of demesne made by successive sovereigns, been diminished to such an extent that at present it afforded very little towards the support of the queen's government. But reversions and remainders in the crown might fall in, and land might accrue by descent

¹ Godolphin's eldest son had married a daughter of Marlborough. Sir Charles Hedges was the other secretary of state.

or escheat or otherwise ; and by securing these from alienation, the burden upon the estates of the subjects might be eased in all future provisions to be made for the expenses of the civil government. In this view, the Act prohibited any future alienation of any crown lands, by enacting that all grants of any of the lands of the crown for more than thirty-one years or three lives should be void.¹

This legislative recognition of past transactions relating to demesne effectively secured the grantees of crown lands in their possession of them, and thus settled the long-mooted question regarding their position. In past years the question of the resumption of the alienated demesne lands had frequently been discussed both outside the house of commons and in the House. A notable battle on the subject had occurred in 1700, when the opposition introduced a Bill for the appointment of a commission of inquiry limited to the grants made since the Revolution, not indeed with any intention of an absolute resumption of the lands granted, which would have been as impolitic as unfair, but in the expectation that the measure would lead to a compromise. The Bill passed through the House. Then the whigs played their card, placing upon the table of the House another Bill by which it was proposed, in effect, to extend the inquiry to the grants made by the Stuart kings since the Restoration. This Bill also passed, and eventually both the Bills were laid aside.

As might be expected, a second battle took place in the new tory parliament. In December 1702, a

¹ 1 Anne, st. 1, c. 7.

proposition was made in the house of commons for the resumption of the crown lands granted away by the late king. Walpole moved an extension of the Bill to the grants of James II. His motion was negatived ; but in the result the Bill, though ordered to be introduced, never passed into law.¹

The result of this insecurity of position of the grantees of the crown lands had been to render such lands, on sale or settlement, worth less by several years' purchase than lands held under another title.

The following taxes were continued until August 1, 1710, viz., The old subsidy under the Great Statute of 1660.² The special taxes on wine and tobacco. The impost of 1690. The impost of 1692. The duties on whale fins and Scotch linen granted in 1698. The stamp duties granted in 1694; and Montague's tax on houses.³ The duty on sea-borne coal was continued until 1708.⁴

The war in which we now engaged, in alliance with Holland and the emperor, to support the claim of the archduke Charles to succeed to the throne of Spain, in exclusion of the house of Bourbon, undertaken mainly with a view to prevent the union of France and Spain under a Bourbon king, which would involve, it was considered, a command of the seas, was, therefore, usually known as the *war of the Spanish Succession*, but it was also termed queen Anne's, in contradistinction to king William's, war with France. The expenses of

¹ Commons Journals, vol. xiv.

² Continued as to duties inwards to August 1, 1712, by 5 Anne, c. 27; one half continued thenceforth for ninety-six years from 1712, by 6 Anne, c. 11.

³ 1 Anne, st. 1, c. 13.

⁴ Ibid. st. 2, c. 4.

this war formed the second step in the increase of our national debt. In 1701 the amount of the national debt of England was about twelve millions and a half. The annual charge for interest, including management and life and terminable annuities, was 1,220,000*l*. The Civil List and other expenses of the civil government were about 703,000*l*. The average naval and military expenditure from 1698 to 1700 had been about 1,300,000*l*.¹ The cost of the war was over fifty millions, of which twenty-one millions and a half were added to the national debt.

The land tax was at once raised for the purposes of the war from the rate of 2*s*. to 4*s*., to produce an additional million a year, and at that rate was granted annually during the war, together with the tax on malt, mum, a thick sort of Brunswick beer,² and cider and perry.

One-third of a full subsidy of customs was granted in 1703, which was supplemented by a grant, in 1704, of two-thirds of a subsidy. The two together formed a third subsidy of 5 per cent., or 1*s*. in the *£*, on goods according to their value in the Book of Rates, additional to the old subsidy and the new subsidy, of 1698, for the Civil List ; but in customs' language they were still termed THE ONE-THIRD SUBSIDY and THE TWO-THIRDS SUBSIDY.³

A treaty, negotiated in 1703 with Portugal, by mr. Methuen, had an important bearing upon the

¹ Return Pub. Inc. and Expend. Part II. Appendix, No. 12.

² 'The clamorous crowd is hushed with mugs of mum,
Till all, turned equal, send a general hum.'—POPE.

³ 2 & 3 Anne, c. 9 ; 3 & 4, c. 5.

taxation of wine for a century and a quarter. To obtain the assent of Portugal to the Grand Alliance, and thus to secure a basis for warlike operations in Spain, should the scene of the war be transferred to that country, had formed part of William's design for the prosecution of the war. Portugal joined the Alliance in 1703, and by the terms of the Methuen treaty we bound ourselves, in return for the obligation imposed upon her to admit our woollen manufactures, to admit her wines at rates less by one-third than the rates for the wines of France. This secured to the Portuguese the results of their endeavours to improve their red wines, which they never had relaxed since the time a market was first opened for them in England in consequence of the exclusion of French wines during the first war with France; and henceforth, for generations, the wines of Portugal and Spain kept the ascendancy in the English market over the wines of France, which passed into the list of luxuries only within the reach of the rich.

In 1704 new additional customs duties were granted:—On tea, an additional 1s. the pound; on coffee; on spices an additional 5 per cent.; and on drugs, except drugs used for dyeing, an additional 10 per cent.¹ But the yield of the customs decreased considerably in consequence of the war, and in 1706 was less by some 300,000*l.* than the yield for 1701.

During the war, the lord treasurer Godolphin and Marlborough inclined more and more to the side of the whigs, as active partisans of the war; and in

¹ 3 & 4 Anne, c. 4.

1706, after the victory of Ramillies, Marlborough had sufficient influence with the queen to induce her to appoint Charles Spencer, earl of Sunderland, his son-in-law, who was a whig, secretary of state, in succession to sir Charles Hedges. The dismissal from office, in the spring of 1708, of Harley, who had been a secretary of state since the dismissal of Nottingham in 1704, and was the leader of the tory section of the cabinet,¹ was followed by the retirement of Henry St. John, subsequently viscount Bolingbroke, from the post of secretary at war, in which he was succeeded by Robert Walpole, then a rising young man of the whig party; and a transformation was thus completed in the administration, which, originally tory, was now essentially a whig administration. This administration lasted about two years.

The fiscal arrangements connected with the consolidation of the kingdoms of England and Scotland under the Act of Union which created, from May 1, 1707, the kingdom of Great Britain, were mainly as follows:—

The customs and excise duties of England were made payable throughout Great Britain; but a special arrangement was made regarding the salt duties. The quota for Scotland towards the land tax was settled at 48,000*l.*, as against two millions ² for England, and so in proportion when any greater or less sum should be granted. The following duties then chargeable in England were not to be extended to Scotland:—The

¹ He was succeeded in the post of secretary of state by the hon. Henry Boyle, chancellor of the exchequer.

² 1,007,763*l.* 8*s.* 4½*d.* as for 4*s.* in the *£*.

original stamp duties, which were payable up to August 1806 and the additional duties granted in 1698, which were perpetual. The house tax, which would determine on August 1, 1710. The tax on coal, which would determine in September 1710; and the malt duty, which would determine on June 24, 1707.¹

The alteration in the customs for Scotland involved the abolition of the farm under which the duties in Scotland had been collected; and the farmers, now that their lease was about to expire, 'eased off' the duties and admitted an enormous quantity of foreign goods at moderate rates. In consequence of this, as soon as the restrictions on the introduction of goods from Scotland into England were removed, a flood of French wine and brandy was poured from North Britain into England, which gave rise to angry remonstrance on the part of the English traders; and serious difficulties might have arisen in consequence, had not the house of commons wisely decided to treat the occurrence as wholly exceptional—one that could not again take place. The old wooden tallies of the exchequer, so famous in future times as having provided the material for a bonfire of the houses of parliament in 1834, are stated to have been useful to us in smoothing over the difficulties attending the introduction into Scotland of the English system of customs and excise. Traditionally the Scotch may not be easy to amuse, but the importation of these extraordinary fiscal instruments was regarded as a joke of jokes, and removed all other feelings but those of astonishment and hilarity.²

¹ 5 Anne, c. 8, Arts VII.-XIII. ² Burton, Hist. Queen Anne, ii. 53.

Henceforth, the taxes granted by the Parliament of Great Britain have reference to the whole of the island.

In 1709 several of the taxes granted at the commencement of the reign for a term, viz., the special duties on wine and vinegar and tobacco of 1685; the old impost of 1690; the additional impost of 1692, and the duties on whale fins, were continued for a further term; but all these duties were in the next year, 1710, made perpetual.¹ While part of the duties on sea-borne coal, viz., 3*s.* the calder if sold by that measure, and 2*s.* the ton if sold by weight, were continued and made payable throughout Great Britain, after September, 1710. In 1710, an additional 2*s.* and 1*s.* 4*d.* raised the rates to 5*s.* and 3*s.* 4*d.*²

In the same year, 1709, a tax was imposed upon all houses in Great Britain having twenty windows or more, in addition, as regards England, to the 10*s.* already chargeable: the rates were—for houses with from 20 to 30 windows 10*s.*, and for houses with 30 or more windows, 20*s.*³ In the excise, an addition was made to the duty on beer, of 3*d.* for strong, and 1*d.* for small, beer the barrel,⁴ with a corresponding increase in the duties on cider and perry, metheglin and mead, and vinegar and vinegar beer. And in the customs, imported spirits were charged with additional duties; raisins, with an additional 5*s.* the cwt.; spices,

¹ 8 Anne, c. 13, all made perpetual by 9, c. 21, s. 1.

² 8, c. 4; 9, c. 6, s. 8. The duties were granted for a term, but subsequently were made perpetual.

³ 8, c. 4, perpet.; 3 Geo. I. c. 8, s. 17, and 5 Geo. I. c. 19, s. 1.

⁴ 8 Anne, c. 7.

viz., nutmegs, cinnamon, cloves, and mace, with double the existing duty ; snuff, with an additional 3s. the pound ; and pepper, with additional duties¹ which raised the tax on this important article of consumption to an amount so excessive as to give rise to an extensive system of adulterating pepper, from which English stomachs suffered during many generations.

A warehouse system was applied to this article similar to that introduced, in 1700, for the wrought silks of Persia, China and India, the use of which was prohibited at home, the object being to give additional security to the revenue and to relieve the export trade. Only half the duty was to be paid at once, on warehousing the pepper in a warehouse approved by the customs. Subsequently, if the trader took the pepper out of warehouse for home consumption, the other half of the duty was to be paid. But on exportation of the pepper no further duty was payable. This formed the second step in the warehousing system.

But some new general and productive tax was now necessary ; and the tax selected from many which had been suggested by Davenant and others, was one which, as imposed upon an article of general consumption, would probably prove productive of a considerable amount of revenue, viz., a tax on candle-making. The rates were 4*d.* the pound for wax, and $\frac{1}{2}$ *d.* the pound for tallow, candles, which were raised in the next year to 8*d.* and 1*d.*² Private candle-making for consumption

¹ 8 Anne, c. 7, s. 7, for thirty-two years from February 1709, made perpetual by 6 Geo. I. c. 4, s. 1 ; but as to snuff, rep. by 12 Geo. I. c. 26, s. 1.

² 8 Anne, c. 9 ; 9, c. 6.

at home was allowed on payment of a composition, at the rate of 1s. per annum for every head of the family of the compounder. A tax on candle-making continued henceforth in our fiscal list down to 1831.

In the summer of 1710, a change was made in the administration. In June, Sunderland was dismissed, and the seals of the secretary of state were given to lord Dartmouth. In August the lord treasurer Godolphin was dismissed, and the treasury was placed in commission, lord Powlett being first lord, but Harley as a lord of the treasury and chancellor of the exchequer, virtually prime minister.¹ In September the remaining ministers were dismissed, Henry St. John was appointed to succeed Boyle as secretary of state, and the parliament was dissolved. After a turbulent election, the new parliament met on November 25.

Some further addition to the revenue was required for the purposes of the war; and now was imposed the second great tax on an article of general consumption due to the war of the Spanish Succession. A tax on leather had been in force for three years from 1697 to 1700; and of late years this article of general use had frequently been suggested as a fitting subject for taxation should it be necessary to have recourse to some new and productive tax. The duty now imposed of 1*d.* the lb.,² was in the next year raised to 1½*d.*; and a tax on the manufacture of leather continued in our fiscal list down to 1830.

¹ Harley was created earl of Oxford and Mortimer in April 1711, and in May was appointed lord treasurer.

² 9 Anne, c. 11; 10, c. 26; made perpetual by 3 Geo. I. c. 7.

In the same session a further tax was imposed, indirectly, upon the national beverage. The direct tax on the brewery, already excessive, could not be increased. Moreover, that tax did not touch private brewing. A revival of the commonwealth excise on hops would reach, in the same way as the malt tax, beer and ale brewed by the private as well as by the common brewer. The tax now imposed was at the rate of 1*d.* the lb., charged, as under the commonwealth excise, upon the grower.¹ Thus was reached the *ne plus ultra* of excise security. Many excises had been imposed upon the first buyer of the article taxed; many, upon the retailer; some, upon the dealer as opposed to the retailer, and others, upon the manufacturer; but the taxes on hops and saffron were the only excises ever in this country charged upon the grower of the thing taxed; as in other countries have been and still are charged taxes on apples, olives, chestnuts, tobacco, &c., &c. The rate now imposed was not increased for seventy years, until the war of American Independence. A tax on hops continued in existence henceforth until 1862.

In the same year taxes of minor importance were imposed upon cards and dice, almanacs and licenses to sell wine and beer.²

1711-2. The absolute necessity of raising large supplies to carry on the war was acknowledged by the House in the next session, and we imposed several new taxes on important manufactures. Three were revivals of excises in the list of the commonwealth, on soap, starch, and

¹ 9 Anne, c. 12.

² *Ibid.* c. 23.

gilt and silver wire ; the others touched the manufactures of paper and printed goods, which had risen to importance since the commonwealth. Under the commonwealth excise, the tax on soap had been charged at so much the barrel, to be paid by the maker ; that on gold and silver wire, at so much the ounce troy of silver or gold prepared for wire ; and that on starch, at so much the cwt., to be paid by the first buyer. But all the new taxes were imposed on the manufacture of the article taxed.

SOAP, selected as an article frequently suggested as a convenient as well as productive subject for taxation, was taxed from June 1712, at the rate of 1*d.* the lb. for all soap manufactured in Great Britain. This tax continued in existence until 1853.

PAPER, a manufacture which had risen to importance in consequence of the exclusion of paper made in France and the assistance we derived from the French refugees after the revocation of the edict of Nantes, was charged, by the ream, at different rates according to the different kinds of paper made. Pasteboard, mill-board, and scaleboard were included in the tax. And paper, printed, painted, or stained to serve for hangings or other uses, was charged 1*s.* the square yard in addition to the ordinary duty on paper. Henceforth a duty on paper continued in force until 1861.

PRINTED GOODS, as they were termed, were taxed in respect of the printing, staining, painting, or dyeing of silks, calicoes, linen, and stuffs. For silks the rate was 6*d.* the yard, allowing half a yard for breadth, and half that rate for silk handkerchiefs. For calicoes the

rate was 3*d.* a yard, allowing a yard for width. For linen and stuffs the rate was 1½*d.* the yard. But calicoes, linens, and fustians dyed throughout of one colour only, and stuffs made entirely or the greater part of woollen, were exempted from the tax. The tax on printed goods continued in existence until 1831.

The manufacture or making of STARCH had increased *pari passu* with the increase in the use of linen since the Restoration. The tax now re-imposed upon this article continued in force until 1834.

The excise now re-imposed upon the manufacture of gilt and silver wire continued in force until 1826.

Additional duties were imposed upon leather, and a new tax was imposed upon NEWSPAPERS. The licenser of the press had struck his last 'imprimatur' in 1695, and in the multitude of newspapers that had since come into existence the war of parties was waged with a virulence that called for some mitigation. For political and social, as well as for fiscal, reasons, a tax was now imposed upon newspapers and pamphlets, and, at the same time, a tax upon all ADVERTISEMENTS inserted in newspapers and pamphlets. This tax on the business of the press was collected by means of stamps, and was known as the Tory Stamp Act. A tax on newspapers continued in our fiscal list until 1855. The tax on advertising was repealed in 1853.

These important additions to the duties on native goods and manufactures were supplemented by further new duties of customs:—On drugs, 20 per cent. according to value, an excessive addition subsequently repealed by Walpole; on tea, an additional 2*s.* the

pound; and on coffee, an additional 1s. A warehousing system was now introduced for tea and coffee similar to that for pepper introduced in 1709. It was, however, permissive, not obligatory on the importer.¹

The last additions to taxation in the reign, though made to come into force in August, 1714—that is to say, more than a year after the peace of Utrecht—fall fairly within the scope of the present chapter. They consisted in considerable additions to the duties on several of the great manufactures recently subjected to an excise, viz., soap-making, the manufacture of paper, the printing of silks, linens and calicoes, and the manufacture of starch; 5s. the chaldron was added for coals exported in foreign bottoms, and 3s. for coals exported in British bottoms; while the stamp duties were increased under several heads, including an additional 6*d.* for the comprehensive heading of ‘deed not otherwise specifically charged.’²

After the war the rate of the land tax was reduced from 4*s.* to 2*s.* This continued to be the practically permanent rate in time of peace; and as personal property had almost entirely slipped out of assessment, the tax was, in effect, what it was termed, the ‘annual land tax.’ Its gross unfairness as between different parts of the kingdom, different counties, and different districts was acknowledged; but although an

¹ See as to soap, paper, printed goods, newspapers and advertisements, 10 Anne, c. 19; leather, starch, gilt and silver wire, tea, coffee and drugs, c. 26.

² 12 Anne, c. 9.

attempt was made, in this reign, to extend the basis of the tax and to introduce a new valuation, the land-owners preferred the existing tax, with all its faults and inequalities, to a new, though probably more equal tax.

The other taxes imposed in the war remained fixtures in our fiscal list. An addition had also been made to the tax on the business of hackney coaches in the metropolis; a small tax had been imposed upon persons keeping hackney chairs; and another, upon licensed keepers of alehouses and sellers of wine licensed by the king's agents for the wine licenses, forming the commencement of a system of taxes for businesses, subsequently extended by North to vendors of tea, and by Pitt to a great variety of traders.

Most of our manufactures were now strictly protected, in accordance with the mercantile or protective system then in vogue, against foreign competition, more particularly against the manufactures of France. In our dealings with that country the all-important 'balance of trade' was against us. Nothing was more dreaded by our manufacturers than the recovery by the French of their former superiority in our market, more particularly in the articles of the silk, paper, glass, and what are termed the 'toy,' manufactures. The public feeling on this subject, quite as much as want of support from his colleagues, proved the cause of Bolingbroke's failure to pass through the house of commons the eighth and ninth articles of the treaty negotiated by him with France, upon which the whole treaty hinged. These articles would have put an

end, practically, to that war of the tariffs between the two nations which our manufacturers desired to continue.¹

LIST OF THE PRINCIPAL TAXES IN FORCE IN
GREAT BRITAIN IN 1714.

I. DIRECT TAXES.

The land tax, at 2*s*.

On houses and windows, increased, 1709.

On the trade of hawkers.

On the business of hackney coaches.

II. TAXES ON ARTICLES OF CONSUMPTION.

Customs on Exports and Imports.

The old subsidy, 5 per cent. on the value of goods as rated in 1660.

The new subsidy of 1698.

The one-third subsidy of 1703.

The two-thirds subsidy of 1704.

The impost of 1690.

The impost of 1692.

The tannage on wine.

The special duties on wine and tobacco of 1685.

The new duty on coffee, cocoa-nuts, tea, and spices.
1695.

¹ The outlines of the treaty were, however, by mutual and tacit consent, the general rules of our subsequent commerce with France. Chesterfield, Letters, No. 204.

The French duty, of 1696, on wine and brandy and 25 per cent., making with the impost of 1692, 50 per cent. on French goods.

The duties on whale fins of 1698.

The new additional duties (1704) on coffee, cocoanuts, tea, spices, and drugs.

The new duties of 1709 on raisins, spices, snuff, and pepper.

The further new duties on coffee, tea, and drugs of 1711.

Excises on Native Goods.

The hereditary excise.

The taxes on beer, increased 1709, malt, and hops, imposed, 1710, and on spirits, increased, 1709.

The tax on salt.

The tax on sea-borne coal.

Taxes on manufactures, viz. :—Candle-making, imposed 1709 ; leather, imposed 1710 ; the making of soap and of paper ; calico printing (printed goods) ; and the making of starch and of gold and silver wire, imposed 1711.

The taxes on newspapers and advertisements in newspapers, imposed 1711.

III. THE STAMP DUTIES.

Duties on various deeds and instruments, increased.

Duties on law proceedings.

CHAPTER III.

FROM THE PEACE OF UTRECHT TO THE COMMENCEMENT OF
THE WAR OF THE RIGHT OF SEARCH, INCLUDING
WALPOLE'S ADMINISTRATION.

1713—1739.

Death of Queen Anne. The last lord treasurer. Townshend and Walpole, 1715. Walpole's scheme for a sinking fund. Intrigues of Sunderland. Dismissal of Townshend in 1717. Walpole resigns. The Stanhope administration. Sunderland prime minister 1718. The war with Spain. Walpole and Townshend in office. Carteret secretary of state. Carteret sent to Ireland. Newcastle secretary of state. Pulteney in opposition. Reform of the tariff. The timber duties. Repeal of the duties on raw silk, drugs for dyeing, beaver skins as the material for hats, on rags and old cordage used for paper-making. Repeal of the tax on whale-fins, oil, and blubber. Repeal of the additional duties on drugs. Settlement of the duty on pepper and spices. Repeal of the duties on all manufactures exported. The new book of rates. Mr. Carkesse's tables of the customs duties. Warehousing system for tea. Repeal of the tax on salt. The land tax at 1s. Reimposition of the tax on salt. The excise bill for wine and tobacco. Opposition to the bill. It is withdrawn. The tax on Papists. The malt tax in Scotland. The Gin Act and the Spirituous Liquors Act.

WHEN the Queen's strength was failing, a few days before her death, the whig dukes of Argyll and Somerset attended a meeting of the privy council and, offering their assistance, suggested the advisability of recommending the queen to appoint the duke of Shrewsbury to the post of lord treasurer.¹ This the queen did, August 1, 1714; and by Shrewsbury and

¹ Stanhope, *Hist. Eng.*, i. 133.

the other lords justices appointed for the purpose, including Somerset and Argyll and the lords Cowper, Halifax, and Townshend, the government was carried on until the arrival of the king. But before this Bolingbroke had been dismissed. 'I see,' said he, 'that the tory party is gone.'

In October the patent of the lord treasurer was revoked by the king; and Charles, duke of Shrewsbury, the head of the illustrious house of Talbot—clarum et venerabile nomen—was *the last of the lord treasurers*. The office has since been executed by lords commissioners for the purpose, termed 'lords commissioners of the treasury,' comprising the first lord, always, after Walpole's long tenure of office, the prime minister, the chancellor of the exchequer or minister of finance, a post not unfrequently held by the first lord, and, at present, three junior lords.

1715.

The new elections which followed the determination of the existing parliament by law six months after the demise of the sovereign, resulted in a considerable whig majority in the house of commons. The whig administration now formed included the veteran Halifax, raised to an earldom, as first lord of the treasury; Charles, viscount Townshend,¹ as one secretary of state, and general James Stanhope, whose appointment was due mainly to Townshend and Walpole, as the other;²

¹ Son of sir Horatio Townshend, who had been rewarded with a peerage after the Restoration for his services to the Stuart family. Originally a tory, but afterwards by conviction a whig, he had acted with Somers and supported the whig party.

² The earliest authentic record of a secretary of state is in the reign of Henry III., when John Maunsell is described as *secretarius noster*,

Pulteney, as secretary at war, and Walpole, Townshend's brother-in-law, as paymaster of the forces. After the death of Halifax, in May, Townshend took the lead in the administration; and in October, Walpole was appointed first lord of the treasury and chancellor of the exchequer, under Townshend. With this administration commenced a period of whig ascendancy which under Townshend, Walpole, the Pelhams and Pitt, had an almost uninterrupted duration of nearly half a century.

The expense incurred in the suppression of the attempt of the Pretender rendered necessary the grant of a 4*s.* land tax in 1716; but in 1717 the rate was lowered to 3*s.*

When Walpole was first placed at the head of the treasury the national debt was about thirty-seven millions. The common interest of money had been reduced in 1714 to 5 per cent.; but the interest on some of the debts ran as high as 8, and on none lower than 6 per cent. In March 1717 Walpole brought forward his famous plan for the reduction of the interest on the national debt, and for forming a sinking fund. But while these measures were yet under consideration in the house of commons a disruption of the administration was effected by the intrigues of Sunderland.

A.D. 1253. Towards the close of the reign of Henry VIII. two secretaries were appointed. The Secretary of State's office was divided into the Southern and Northern departments. The Southern secretary had the management of home affairs and of the correspondence with Ireland, the colonies, and the western states of Europe. The Northern secretary conducted only correspondence with the other European countries. Upon the union of England and Scotland, a third secretary was added, for Scotch affairs, but this appointment was afterwards laid aside. Another third secretary, for the American or colonial department, created subsequently in 1768, was abolished in 1782.

Sent to Ireland as lord lieutenant, he had resigned the post a few months after his appointment, in order to take that of lord privy seal vacant by the death of the duke of Wharton. After the death of his wife,¹ in 1716, he obtained the king's permission to recruit his health abroad at Aix-la-Chapelle, whence, proceeding to Hanover, he gained over to his views Stanhope, the secretary in attendance on the king, and obtained first the removal of Townshend from the post of secretary of state to the lord-lieutenancy in Ireland, and subsequently in April, 1717, his dismissal. Upon this, Walpole resigned office; and Methuen, who had succeeded Townshend as secretary of state, the duke of Devonshire, and Pulteney, all followed his example.

In consequence of his resignation of office on this *schism in the whig party*, Walpole was compelled to leave his financial measures to be completed by his successor. 'I hope,' he said of the Bill he had introduced, 'it will not fare the worse for having two fathers, and that my successor will take care to bring it to perfection.' Stanhope, who now took the posts of first lord of the treasury and chancellor of the exchequer, and became prime minister in an administration in which Sunderland and Addison were secretaries of state, carried through the measures prepared by Walpole for the sinking fund and the reduction of the interest on the national debt, but subsequently, finding his powers inadequate to the management of the

¹ The second daughter of the duke of Marlborough. Their son, the 5th earl, eventually, in 1733, succeeded his aunt and became duke of Marlborough.

finances of the country, retired from the treasury. Under a re-arrangement of the ministry, March 18, 1718, Sunderland became first lord of the treasury and prime minister; Aislalie, chancellor of the exchequer; Stanhope, with an earldom, took Sunderland's post of secretary of state, and Craggs succeeded Addison as the other secretary. 1718.

The war with Spain 1718-21 cost us about four millions and a half; and during the war the land tax was granted annually at the rate of 3s.

In June 1720, Townshend and Walpole again took office, the one as president of the council, and the other as paymaster of the forces. On the death of Stanhope in the following February, Townshend succeeded to the post of secretary of state, and as the accusations against Sunderland in connection with the South Sea scheme were too strong to admit of his continuance in the post of first lord of the treasury, the administration was reconstructed under Walpole. Again first lord and chancellor of the exchequer, taking the seals of this post from the lord chief justice, into whose hands they had been given on the accusation of Aislalie of participation in the frauds connected with the South Sea scheme, of which he was subsequently convicted, he now established the firm as 'Walpole and Townshend,' in lieu of 'Townshend and Walpole,' as it had been when the brothers-in-law were in office together in 1716. Craggs died of small-pox on the day on which the report of the secret committee on the South Sea scheme was brought up in the house of commons, and by the influence of 1721.

Sunderland, John, the famous lord Carteret, then thirty-three years of age, who had entered public life under his guidance and that of Stanhope, was appointed to the vacant post. Sunderland died in April 1722, and in 1724 the brothers-in-law managed to get rid of Carteret, who was regarded by Walpole as a formidable rival, and was ever at variance with Townshend, with whom he came at last to an open rupture on a question of minor importance that arose at the court of France: he was removed to Ireland as lord-lieutenant. His post of secretary of state, with the southern department, was given to the duke of Newcastle, Townshend's brother-in-law, whose family and enormous borough patronage made him a peculiarly desirable colleague to Walpole;¹ and his brother, Henry Pelham, the future prime minister, who had occupied a place at the treasury board, now became secretary at war. Pulteney, who had been taken into the ministry in 1723, as cofferer of the household, having failed in his intrigues for the post of secretary of state, now set himself at the head of the opposition, acting, as head of the whig patriot or whig out of place party, in conjunction with sir William Wyndham and the Hanover tories, and those who held ultra views and were influenced by Bolingbroke. Townshend and Walpole, with the Pel-

¹ Thomas Pelham Holles, duke of Newcastle, had succeeded to the family peerage of Pelham at an early age, and having inherited a large portion of the property of his maternal uncle, John Holles, duke of Newcastle, had been created earl of Clare, and, in 1715, duke of Newcastle, by George I. He had supported the first administration of Townshend, but on the schism in the whig ministry, in 1717, had attached himself to Sunderland, by whose influence he was appointed lord chamberlain. On the coalition in 1720, he again joined Townshend.

hams and the Cavendishes, a family of which the head, the duke of Devonshire, president of the council, was ever a consistent supporter of Walpole, formed so powerful a combination, that when George II., on his accession to the throne, would willingly have appointed sir Spencer Compton prime minister, Compton acknowledged himself unequal to a task which would have sent many powerful families into opposition. Walpole's assistance proved of great use to the king in the preparation of his speeches and the other arrangements consequent upon the commencement of the new reign ; and this, and his liberal proposals with regard to the civil list, and the influence the queen exerted in his favour induced the king to retain him in the position of prime minister. This position he continued to hold until 1742 ; and the length of his administration and the power and influence he had in government established the post he held of first lord of the treasury as, in future, that of the prime minister of the day.

During this long administration Walpole effected many measures of great fiscal importance. In our times his name is perhaps best known in connection with the measure originated by him in the Townshend administration, relating to the Sinking Fund for the reduction of the national debt. This, however, was not a great success ; for the Sinking Fund was before long diverted from its original purpose, and eventually became the principal fund from which the charge for the public expenditure was defrayed.¹ The plan could

¹ In 1786, more than half of the total amount of interest on the Funded Debt was paid out of the Sinking Fund, and more than three-

only hold good while there existed an effective surplus of revenue over expenditure, and when expenditure increased, in lieu of imposing additional taxes to feed the fund, it was, in effect, gradually abandoned. The amendment he effected in the tariff; his attempts to mitigate smuggling by means of the warehouse system; and the measures involved in his attempt to reduce the land tax to the lowest possible rate, form the most interesting and perhaps the most important of his measures while in office.

First as regards the tariff. 'He found our tariff the worst in the world, and left it the best,' writes his well-known biographer archdeacon Coxe. The principal amendments effected by Walpole in the tariff (to exclude his treatment of the items tea, coffee and cocoa-nuts, wine and tobacco, of which more is said hereafter) were carried out in the years from 1721-4. They affected timber from America; the silk, paper, and hat manufactures; drugs used in dyeing; whale-bone in fins; drugs; pepper and spices; the exportation of British goods and manufactures; and all articles not rated to the customs in the Great Statute of 1660.

We had for a long time suffered, in England, from the scarcity of timber, and required a considerable supply from abroad for the purposes of house-building and ship-building. In America we preserved in several of our colonies all white pine and timber of that kind fit for masts for the navy, by means of severe penalties upon all persons felling and destroying them, timber

fifths of the Ways and Means applied towards the subsidy grants were also taken from this source.

being one of the 'enumerated articles,' of colonial produce secured to us under the provisions of the Navigation Act. But in consequence of the duties on the importation of timber, we derived but little from America, and were driven for our supply to the foreigner at his own price, which was excessive, particularly in times of war. In the view that an abundant supply of wood, timber, lumber and hemp¹ from America might be secured if only due encouragement were given to the trader, Walpole repealed the duties on these articles when imported from our plantations, and extended the penalties for the protection of timber to Nova Scotia.²

The silk manufacture had attained a development that raised it to a place among the most considerable manufactures in the kingdom, more particularly at Spitalfields, where the refugees from the persecution that followed on the revocation of the Edict of Nantes had established their business. But the high duties on imported raw and thrown silk, without any allowance for drawback or return of duty on the exportation of the manufactured articles, placed our manufacturers at a disadvantage in competition with the foreigner, and prevented the development of a foreign trade. A drawback was now allowed, at stated rates, on the following manufactured articles on exportation, viz., ribbons, silk stockings, gloves, fringes, and laces, stitch-

¹ In 1703 Sweden raised the price of naval stores against us, and in 1704 we had granted a bounty on the importation of tar, pitch and resin, hemp and masts from America, 3 & 4 Anne. c. 10.

² 8 Geo. I. c. 12.

ing or sewing silk, stuffs of silk and grogram yarn, and stuffs of silk and cotton and silk and worsted.¹

For the encouragement of our manufactures, the import duties on drugs and all other articles used in dyeing, were repealed; as were also those on old rags, as the best material for paper, and all ropes or junks or old fishing nets fit only for the manufacture of paper or pasteboard; while the duties on beaver skins, then the ordinary material for the manufacture of hats, were considerably reduced.

The duties imposed upon whale fins, in 1698, increased by a statute of Anne, had utterly ruined the Greenland fishery. They were now repealed as regards all whale fins, oil and blubber caught in the Greenland seas by the crew of a British ship and imported by a British subject; and this exemption from duty was subsequently extended to seal oil and seal skins and all fish or creatures taken in those seas, and, as extended, was applied to Davis's Straits and other parts of the seas adjoining thereto.

The enormous addition of 20 per cent. to the duty on drugs, made in 1711, which had proved prohibitory to the fair trader and had brought into existence a system of smuggling those articles, was, therefore, repealed.

The excessive duties on pepper and spices—mace, cloves, and nutmegs—articles of almost general consumption, were reduced. Under the Acts in force, these articles were charged with a number of small separate duties, according to their value in the Book

¹ 8 Geo. I. c. 15.

of Rates :—The old subsidy (5 per cent.) of 1660, the new subsidy of 1698, the one-third subsidy of 1703, the two-thirds subsidy of 1704, the new duty of 1s. in the £, the new additional duty of 1s. in the £, and the further new duty of 5s. in the £, and the proceeds of these different impositions were, under appropriation clauses in the different Acts, appropriated to paying off different loans. In lieu of this complicated system, the tax was imposed in the form of a single duty according to weight, viz., on pepper 4d., mace 3s., cloves 2s., and nutmegs 1s. 6d. per lb.

The export duties on woollen manufactures, and corn, grain, biscuit, and meal, under the ‘outwards’ table of duties in the Great Statute, had been repealed in 1700. Walpole now extended the repeal so as to allow *all goods and merchandise of the product or manufactures of Great Britain to be exported duty free*. The only exceptions were certain minerals :—Alum, lead, lead ore, tin, copperas, litharge of lead and lapis calaminaris and coal ; the raw materials for the manufacture of leather, viz., leather tanned, skins of all sorts, and glue ; wool cards and white woollen cloths ; the raw materials for the manufacture of hats—coney hair or wool, and hare’s wool, hair of all sorts, and horses.

Lastly, a new Book of Rates, signed by sir Spencer Compton, as Speaker, was passed, relating to goods not specified in the original book of rates in the Great Statute, which had hitherto paid duty on the oath of the importer—a most unsatisfactory method of valuation. It may be interesting to mention one or two of the articles at this date ‘usually imported’ which are

not to be found in the old book of rates of 1660 :— Spruce beer, valued at 2*l.* 10*s.* the barrel of 42 gallons. Coker nuts for cups, like the mazers of olden time. Corks, ready made, valued at 1*s.* 8*d.* the gross of twelve dozen. Under the head of spirits :—Brandy of France, valued at 30*l.* ; of Spain, Portugal or Italy, 15*l.*, and of other countries, 20*l.* the tun ; geneva, valued at 15*s.*, rum, 1*s.* 8*d.*, citron water, 1*l.*, and usquebaugh, 10*s.*, the gallon. Stockings of thread or cotton, valued at 1*l.* 15*s.* the dozen. Tea tables lackered and unlackered. Pyrmont water and other mineral or natural waters and Spaw water.¹

Such were the improvements effected by Walpole in our tariff ; he might, with advantage to the officials of the customs and the merchants, have extended his reforms to the laws of the customs ; for about this date, some Tables were prepared by C. Carkesse, secretary to the commissioners, comprising in one view ‘the several duties upon each particular commodity specified in the old book of rates or any other Act of Parliament, and the net duties payable thereon at importation,’ which, so numerous were the enactments on the subject, occupied no less than 117 closely-printed pages.²

But the most important fiscal measures of Walpole had relation to the taxes on salt, tea, tobacco and wine, and the land tax.

The land tax had been granted annually at the rate of 3*s.* from 1717 to 1721, but in 1722, Walpole was able to reduce the rate to 2*s.* He then turned his

¹ See as to these alterations in the customs, 8 Geo. I. c. 15 ; 10, c. 10, and 11, c. 7.

² First report of the commissioners of customs.

attention to the means of improving the revenue by mitigating smuggling, which, created and fostered by the excessive duties imposed since the Revolution, in the first war against France and the war of the Spanish Succession, had now grown into an extensive system. In these days we should reduce the excessive duties, secure from long experience that such a course would inevitably be followed by a decrease in smuggling and an increase in consumption sufficient to recoup the revenue. But in Walpole's time the reduction of an excessive duty was an experiment; and, as a practical man, he preferred to attempt to effect the object he had in view by applying to the articles smuggled the system of collection in force for inland duties, as affording, in his opinion, greater security to the revenue than the ordinary system of the customs.

What article should he select for his first trial of the system? The principal importation of wine and brandy from France was effected by the smuggler. Tobacco, now an article of almost universal consumption, formed another lucrative item in the smuggler's list. But the increasing demand for tea, the facility of smuggling a high-priced and dry article of this kind, and the excessive duties to which tea was subjected,¹ in combination fostered such an extensive system of smuggling as in effect to strangle the tax.

The warehousing system introduced for tea and

¹ In addition to the ordinary 5 per cent. subsidies on the value of 1690 and 1698, the one-third and two-thirds subsidies of Queen Anne's war, and the additional impost, the special taxes per lb. of 1s. imposed in 1695, 1s. imposed in 1704, and 2s. imposed in 1712.

coffee in 1711 was not obligatory :¹ the importer was not required to warehouse his tea and coffee, if he preferred to pay the duty down at once. Walpole now made warehousing compulsory, establishing warehouses for tea, coffee and cocoa nuts, in which these articles on importation were to be deposited after payment of a small duty, and from which they might be taken for exportation without any further payment. The full tax was chargeable only when they were taken out for home consumption. At the same time additional security for the revenue was gained by applying to the tea, coffee, and cocoa nuts a system of supervision and survey after the manner of the excise system. But the duties were still nominally duties of customs.

This measure of 1723 proved so successful that the revenue increased by 120,000*l.* per annum in the course of seven years.

The land tax continued to be granted annually at the rate of 2*s.* until 1727, when there was a 4*s.* rate for preparations for the approaching rupture with the emperor and Spain ; but in 1728 and 1729 the rate was 3*s.*, and in 1730 Walpole was able to reduce it again to 2*s.* The prosperous state of the revenue now enabled him to repeal the tax on salt, which had always been unpopular for many reasons. The repealing Act recited the grounds for repeal to be—that the tax had proved burdensome to the poor, injurious in its operation, as regards the dressing and curing of leather, the manufacture of glass bottles and others of our manufactures, and lastly, injurious to our fisheries, the nursery

¹ 10 Anne, c. 26, s. 34.

of our seamen, and more particularly to the important herring fishery.

Walpole's next step was the important experiment of the reduction of the rate of the land tax. 'The landed men had long complained, that they had ever since the Revolution borne the heat and burden of the day for the support of the Revolution Government; and as the great pressure of the last war had chiefly lain on them, the land having for many years been taxed to 4s. in the £, they now began to say that since the public tranquillity both at home and abroad was firmly and universally established, if ease was not at this time thought of for them, it was a declaration from the government that they were never to expect any; and that 2s. in the £ on land was the least that they or their posterity, in the most profound peace and fullest tranquillity, were ever to hope to pay.'¹

Walpole now endeavoured to attach the landed gentry to the House of Hanover by an alleviation of this cause of constant complaints. The tax he acknowledged had 'continued so long and lain so heavy that many a landed gentleman in this kingdom had thereby been utterly ruined and undone.' In this view the rate of the tax was lowered in 1731, for the first time, to 1s. By this reduction he gave up about 500,000*l.* of revenue. The tax was granted in 1732 again at 1s.; and in order to enable him to continue the tax at this low rate, he revived the tax on salt, notwithstanding the unequivocal manner in which it had been condemned so lately as in 1730. This tax

¹ Lord Hervey, *Memoirs*, i. 160.

produced only one-third of the half million produced by 1s. on land ; it was therefore necessary to find some other fund to supply the other two-thirds ; and for this purpose Walpole introduced into the house of commons, in 1733, his famous Bill for warehousing wine and tobacco, by which, upon a plan similar to that which he had introduced, in 1723, for tea, with such success, he expected to be able to stop smuggling and effect an improvement in the revenue which would enable him to continue the land tax at the rate of 1s. in the pound.

The case against the land tax was clear. A more unequal and unfair tax never existed in this or any other country at any time. The round sum of about half a million, a million, a million and a half, or two millions, granted as for a nominal rate of 1s., 2s., 3s., or 4s. in the £, was partitioned out and charged upon the various counties and towns mentioned in the annual Act, in specified sums, according to an assessment made as far back as 1692. The original assessment was far from fair, for party feeling ran high at the time, and this circumstance had affected the returns upon which the assessment was founded. Districts that favoured the new order of government had made high returns, while in those that did not favour the government the returns were proportionately low in amount. Thus it was that, roughly speaking, the north and the west of England were assessed at comparatively low figures as compared with the amount borne by the southern and eastern parts of the kingdom.

But the unfairness of the tax as regards the different counties and towns was as nothing when compared with

its unfairness as regards the assessment of the property of the taxpayers in the several districts. The intention of the tax was to include all personal property as well as offices and real property, and the Act, in clear terms, placed personal property in the forefront of the charge. But the local assessors had failed in their duty, and, probably through difficulties connected with the renewal of assessments, had allowed personal property to slip altogether out of assessment, leaving offices, and the land which parliament had charged only with the residue of the particular sums after deducting the receipts from offices and personal property, to bear the whole burden of the tax. The usurers, lawyers, tradesmen, and retailers contributed nothing to the tax. The amount borne by offices was comparatively small, and Walpole was substantially correct when he said: 'No man contributes the least share to this tax but he that is possessed of a landed estate.'

The king was eager for the success of the measure, for two reasons: first, because it was represented to him that he could not effect a more beneficial measure than the reduction of the land tax, the most unequal tax then subsisting, and the source of continual complaints; that the reduction of this tax would render every landowner and country gentleman a zealous friend of the government, and that the proposed measure would be the glory of his reign; and, secondly, because the measure would have the effect of increasing his income from the Civil List; for one-sixth of the duties on tobacco and wine—the subsidy of

1698, formed part of the Civil List, and though, under the new management, this sixth was still to be payable at the Customs, it would be increased by the expected success of the measure in the reduction of smuggling.

On the other hand, many of the landowners and country gentlemen who were thus to be benefited and conciliated, now that they appeared to be about to obtain the object of their desires, began to re-consider and more perfectly realise, their position. The tax at 1s. did not entirely suit their views ; it was too near vanishing point. The tax might be abolished altogether, to be succeeded, as it most certainly would be on the outbreak of war or the occurrence of any occasion for special expense, by a new tax of the same description, based upon a new valuation or assessment, under which the western and northern districts, which were comparatively lightly charged to the existing tax, would certainly have to pay a larger share, and the individual assessments might be considerably augmented.

These considerations affected a considerable number of the gentry and landowners, while the trader class in towns were to a man strong advocates for the continuance of the existing system, under which they were practically untaxed.

But the most ardent opponents of this and any measure of the minister's that might afford an opportunity for attack, were those who hungered for place. Walpole had now held office for twelve years, and had lost many of his former supporters, some of whom were now in direct opposition. Townshend, disliking the

ascendency acquired by his brother-in-law and never at one with Newcastle, had intrigued to obtain Newcastle's post for his friend Chesterfield,¹ and when, on the discovery of his plans, a rupture had ensued between himself and Walpole, had given up his post and gone into retirement at Raynham, in Norfolk; and William Stanhope, recently rewarded for his services in negotiating the treaty of Seville with a peerage as earl of Harrington, who had succeeded Townshend, was Newcastle's man, in the same sense that Chesterfield was Townshend's. Carteret, turned out of the lord-lieutenancy about the same time, was now in open opposition. Chesterfield, though he had received the lord steward's staff, generally held by a duke, in succession to Dorset, the new lord-lieutenant, remained a discontented man and no willing supporter of the government; and his feelings were shared by many who yet had not gone so far as to range in opposition with Pulteney, Sandys, and the other discontented whigs. In short, Walpole's prolonged continuance in office had swelled the ranks of his opponents to formidable proportions.

An agitation against the Excise Bill was commenced by all who desired the overthrow of Walpole—discontented whigs, discontented courtiers, tories, and Jacobites; and unfortunately, he had given a handle to his opponents of which they were not slow to avail themselves. His measure, though in its provisions but a replica of the Bill for the warehousing of tea and coffee, differed from it on this point, that under the new arrangement the duties were termed duties of 'Excise.'

¹ Philip Dormer Stanhope, 4th earl.

This term proved fatal to his measure. The name of excise had always been detested in this country. It was a foreign system of taxation, and, after its first introduction in the times of the commonwealth, had been extended to all sorts of articles necessary for food and clothing: beer, meat, salt, cloth, leather, and, in short, almost all the necessaries of life, had been included in the excise list. Traditions of oppressive taxes are written on columns of brass, and Englishmen continued to hate the very name of excise.

At this date plans of taxation were freely ventilated. On one side, ranged the advocates for a single direct tax on land: Locke was the principal exponent of the theory, which Voltaire ridiculed in 'L'Homme à quarante Écus,' that all taxes eventually fall upon the land, and therefore the most effective and least expensive mode of taxation is a simple land tax. On the other side, ranged the advocates for a system of indirect taxation, who regarded excises to be, as stated in the Parliamentary ordinance, 'the most easie and indifferent levy that could be laid on the people.' There had frequently been talk in England of a general excise—

Ask you why Phryne the whole auction buys.
Phryne foresees a general excise—

and Walpole's measures had undoubtedly tended in that direction. His opponents could point to his repeal of many of the duties of customs; his arrangement regarding the duties on tea and coffee; his known aversion to the existing land tax, and his revival of the duty on salt; to which there was now to be added,

they urged, a plan regarding the duties on tobacco and wine, in the preparation of which the cloak had been cast aside and the true tendency of the measure revealed. This measure was preparatory to a plan under which all the necessities of life would be taxed. This monster, the Excise, would begin with your tea and coffee and wine and tobacco—

Grant these and the glutton
Will roar out for mutton.
Your beef, bread, and bacon to boot,
Your goose, pig, and pullet
He'll then suck down his gullet,
While the labourer munches a root,
Your cellars he'll range,
Your pantry and grange.
 &c. &c.

An army of excise officers would be put in occupation of the country, and Acts of parliament bristling all over with pains and penalties would place every Englishman at the mercy of the common informer, and render him, like the Frenchman, a slave.

By means of such exaggerated statements as these, in articles in the 'Craftsman,' in pamphlets in every form, and in the newspapers of the day, the people were exhorted to defend their homes from 'that Monster the Excise.' Petitions against the Excise Bill were poured, in an abundant stream, into the house of commons. The soldiers were roused to indignation by representations that the price of their tobacco would be raised; and, in short, an agitation and resistance to his proposed plan was excited which amazed Walpole, who found himself surrounded, as it were, by furies.

‘Quid iste fert tumultus, et quid omnium vultus in me unum truces?’

To a mob of excited opponents it was useless for him to say that the Bill was introduced simply to alter the manner of collecting the duties, and urge the unreasonableness of the existing clamour. He was answered by reference to the Bill itself, labelled with the hated name of Excise. After narrowly escaping violence at the hands of the anti-excise mob that filled the lobby of the House and the Court of Requests,¹ insulting those who had been for the excise, Walpole had to give in. ‘*This dance it will no further go,*’ he said to a select party of friends after supper the evening after the debate on the City petition, ‘and to-morrow I intend to sound a retreat; the turn my friends will take will be to declare they have not altered their opinion of the proposition, but that the clamour and the spirit that has been raised makes it necessary to give way, and that what they now do is not owning what they have done to be wrong, but receding, for prudential reasons, from what they still think as right as ever.’²

The withdrawal of the Excise Bill called forth as loud rejoicings as upon the most glorious national victory ever gained over our enemies in times of the greatest danger. The name that had proved fatal to the measure continued long afterwards to be of evil omen in taxation, affording to Johnson the opportunity

¹ A large and very ancient hall in the palace of Westminster subsequently appropriated to the house of lords, who sat there till the fire of 1834.

² Hervey, Memoirs, i. 198.

for a definition of the word, in his dictionary in 1755, which amounted, in the opinion of the law officers of the crown, to a libel on the commissioners of excise, and proving the cause of difficulties to Bute, in 1763, in relation to the cider tax. So that, in 1767, when there was again some talk of an excise, Chesterfield, who had reason to remember Walpole's Excise Bill, when his opposition to the measure cost him the white staff, writes to sir Thomas Robinson: 'As for a general excise, it must change its name by act of parliament before it will go down with the people, who know names better than things;' and he adds: 'For aught I know, if an Act for a general excise were to be entitled "An Act for the better securing the liberty and property of his majesty's subjects, by repealing some of the most burdensome custom-house laws," it might be gladly received.'¹

¹ Miscellaneous Works, vol. iv. p. 214.

CHAPTER IV.

THE WAR WITH SPAIN (RIGHT OF SEARCH) AND THE
WAR OF THE AUSTRIAN SUCCESSION. FALL OF WAL-
POLE. THE WILMINGTON, PELHAM, AND NEWCASTLE
ADMINISTRATIONS.

1739—1756.

Commencement of the war with Spain. The cost of the war. Land tax raised to 4s. Fall of Walpole. Wilmington and Carteret in power. Repeal of the Act against spirituous liquors. The drinking fund. Death of Wilmington. Pelham, Carteret, and Newcastle in power. Defeat of the proposed tax on sugar in consequence of Carteret's intrigues. Carteret's ambitious policy. Declaration of war against France. Fall of Carteret and formation of the Broad Bottom administration. Extension of the tax on salt. Additional tax on wine and vinegar. Important reduction of the tax on tea. Fontenoy and the Rebellion of '45. New tax on the manufacture of glass. Pelham's new window tax. The new coach tax, or tax on carriages. A fourth subsidy of customs granted in 1748. Observations of Fox on taxation. Peace of Aix-la-Chapelle. Reduction of the land tax. Death of Pelham. State of the ministry. A new period commences. Fox, Murray, and Pitt. The old interest and the new interest. The Newcastle administration. Fox in the cabinet, and secretary of state. Pitt courts dismissal. Legge and G. Grenville resign office. Lyttelton chancellor of the exchequer.

THE main object of Walpole's policy was to secure peace with France, and thus prevent any attempt by the Pretender to raise a rebellion in England against the house of Hanover, which without aid from France was impossible. This policy involved a continuance of peace with Spain, for from the existing connec-

tion between Louis XV. and Philip V., war with Spain would probably lead to war with France; and hitherto the common efforts of Walpole and de Fleury to avoid the outbreak of war had proved successful.

But during this peaceful period a storm had long been brewing between England and Spain, from commercial jealousy. The treaty of Utrecht contained provisions which had the effect so strictly to limit commerce between our colonies in America and those of Spain as to amount to a prohibition. This interference with our trade formed the source of constant complaints, and our colonists spared no pains and lost no opportunity in their attempts to evade the provisions of the treaty. On the other hand, the Spaniards, in their anxiety to monopolise the commerce of their colonies, enforced their rights under the treaty with an unsparing hand, and endeavoured to suppress the system of smuggling that prevailed, by a strict exercise of their right to search vessels on the high seas. Offenders caught in the act experienced, as may be imagined, rough treatment at the hands of the *guarda-costas*. Feelings of resentment were provoked on both sides, which increased in intensity day by day. Reports of indignities suffered by our seamen—real, exaggerated, and fictitious—reached this country in increasing numbers. Many petitions on the subject were presented to parliament. And at last a particular instance of barbarous treatment was produced at the bar of the house of commons, March 16, 1738, when the opposition got hold of Jenkins, a man who went about with an ear in his pocket, wrapt up in wool, which, according to

his statement, had been cut off by the guarda-costas, who had made him their prisoner.

Meanwhile, during Walpole's prolonged tenure of office, the appetite for place of those who were excluded had increased to a craving they were willing to go any length to satisfy. This had been evident in the proceedings consequent upon the introduction of the Excise Bill in 1733. Since then the Opposition had been gaining strength day by day; and now the 'young patriots,' the 'boys,' as Walpole termed them, —Pitt, the Grenvilles and Lyttelton,¹ and Pulteney, Sandys, Carteret, Argyll and the other discontented whigs, joined with the tories in taking up the cry for war, in opposition to the minister. Working on the excited feelings of the people, and the mercantile and military instincts of the nation, they precipitated, notwithstanding the attempts of Walpole to avoid it, a crisis which, after all, could not, probably, have been long delayed.

'Sir Robert Walpole was forced into the war by the people, who were inflamed to this measure by the most leading politicians, by the first orators, and the greatest poets, of the time. For that war, Pope sung his dying notes. For that war, Johnson, in more energetic strains, employed the voice of his early genius. For that war, Glover distinguished himself in the way in which his muse was most natural and happy. The crowd readily followed the politicians in the cry for a war which threatened little bloodshed, and which promised

¹ They were also termed the 'Nepotism,' their leaders being chiefly nephews and cousins of lord Cobham, and 'Cobham's cubs.'

victories that were attended with something more solid than glory. A war with Spain was a war of plunder.¹ The bells were pealed in all the churches of London when, October 19, 1739, amidst huzzas and acclamations on all sides, war was declared against Spain.²

The expenses of the war that thus commenced formed the next step in the increase of our national debt. In 1739 the amount of the national debt of Great Britain was about forty-six millions.³ The annual charge for interest, including management and life and terminable annuities, was about two millions. The civil list and other expenses of the civil government were about 950,000*l*. The average naval and military expenditure, from 1736 to 1738, had been about 1,850,000*l*. The revenue was about five millions and three-quarters; that is,—Land tax, at 2*s.*, 1,000,000*l*. Window tax and tax on pensions and offices, 135,000*l*. Customs, 1,400,000*l*.; excise, 3,000,000*l*.; total customs and excise, 4,400,000*l*. Stamps, 150,000*l*.

The cost of the war of the Right of Search, including the war with France about the Austrian succession which followed, was over forty-three millions,⁴ of which about thirty millions were added to the national debt.

After the meeting of parliament in November 1739, the land tax was raised, for 1740, from a 2*s.* to a 4*s.* rate, which was considered the war maximum. Each

¹ Burke, *Letters on a Regicide Peace*. Works, v. 287.

² Coxe's Walpole, iv. 112.

³ *Return Pub. Inc. and Expend.*, Part II., Appendix No. 12.

⁴ 43,655,192*l*.

additional shilling produced half a million of revenue, and the 4s. rate, producing in all two millions, continued to be granted annually during the war.

In 1741 the second parliament of George II. was dissolved. The elections did not prove favourable to Walpole; and after the meeting of the new parliament, in December, he encountered a succession of defeats, which resulted in his retirement from office. Defeated on the question of the election of a chairman of committees, again on the question of the Westminster election,¹ and lastly, on the question of the Chippenham election, which was allowed on both sides to be a decisive trial of strength, he resigned, February 17, 1742, and passed into the house of lords as earl of Orford.

1742. Negotiations were now opened with Pulteney, who for various reasons declined the post of prime minister, but was instrumental in forming a government under the old earl of Wilmington, that sir Spencer Compton whom, at the commencement of the reign, the king had desired to appoint first lord of the treasury, had he felt himself equal to the post. This included Carteret, as secretary of state in the place of Harrington, who took Wilmington's post of president of the council, Sandys as chancellor of the exchequer, Newcastle, who retained his post of secretary of state, and Henry Pelham, his brother, as paymaster of the forces. Cobham was made a member of the cabinet. Chesterfield, who had been an outcast from office since his adverse vote on the Excise Bill, had expected the

¹ Election petitions were, at this date, tried by a committee of the whole House, and were regarded as party questions.

post of secretary of state ; but no place was found for him in the ministerial arrangements, and the Grenvilles, Lyttelton, and Pitt were excluded. Pulteney took only a seat in the cabinet, with a peerage, and lost all influence when he passed into the house of peers as earl of Bath. ‘Here we are, my lord,’ said Orford to him, when they met for the first time in the house of lords, ‘the two most insignificant fellows in England.’¹

The sole fiscal measure of any importance effected by the Wilmington administration had relation to the tax on spirits. Jekyll’s Act against spirituous liquors, generally known as the Gin Act, had proved a failure, in consequence of the stringency of its provisions. A new system was now adopted. The Act was repealed, and, in lieu of an attempt to prohibit the drinking of spirits, duties were imposed upon the manufacture,² sufficient in amount to place spirits beyond the reach of the lower classes as an ordinary article of consumption. This measure effected an increase in the revenue very acceptable to the ministry of the day, and afforded an opportunity to Chesterfield to give them a nickname. Resenting his exclusion from the arrangements of the new ministry, and having been a strenuous opponent in the house of lords of the repeal of the Gin Act, in allusion to the source from which the ministry had enriched themselves, which he termed ‘the drinking fund,’ he dubbed them ‘the drunken administration.’³

At the time of the death of Wilmington, in July

¹ Dr. King’s Anecdotes.

² 16 Geo. II. c. 8.

³ This was a hit at Carteret, see post, p. 126, and vol. iv. p. 91.

1743, Carteret was abroad with the king, having been with him at the battle of Dettingen ; and as his knowledge of foreign languages, and many other accomplishments, placed him high in royal favour, he now entertained, with Bath, hopes of obtaining a monopoly of power. But during Wilmington's last illness, Pelham had been persuaded by Walpole to apply, before the vacancy, for the post now vacant, and eventually the influence of Walpole prevailed to overthrow the plans of Carteret and Bath, and Pelham was appointed first lord of the treasury, and also chancellor of the exchequer, in the place of Samuel Sandys, who was raised to the house of peers, and made cofferer of the household.

Sam in the sunshine buzzed a little,
Then sank in power and rose in title.
Will with a title out would set,
But place nor power ne'er could get.
So Will and Sam obscure remained,
While John with universal odium reigned.¹

Imperious, impetuous, ever intent upon large schemes, careless, inexpert in details, a hard drinker, and of riotous spirits, John lord Carteret was to his colleagues certainly, if not odious, at least a source of constant annoyance. He treated Newcastle and Harrington with little less than contempt ; by his superior wit and knowledge of the classics and civil law, completely cowed Hardwicke, the lord chancellor ;² and, pressing his own views of ambitious foreign policy, would have

¹ London Magazine for January. This was the monthly advocate of the country party.

² Fitzmaurice, Life of Shelburne, i. 86.

carried the government and the nation far beyond the original policy of the war of the Austrian Succession. This had been to prevent the dismemberment of the countries that passed to Maria Theresa under the Pragmatic Sanction—to prevent Prussia from retaining Silesia, which Frederick had seized, and Spain from taking the Milanese. As enlarged by Carteret, it extended to supporting a policy of aggrandisement of the empire, the object being to take Naples and Sicily from Spain, Elsass from France, &c. &c.

Some idea of the embarrassment to his colleagues, caused by Carteret, may be formed from his action in February, 1744, in a matter of revenue. We were threatened with foreign invasion in support of the title of the Pretender, and it was necessary to borrow largely for the expenses of the year. On February 13, a resolution was passed in the house of commons for imposing an additional duty, 2s. 6d. the cwt., on sugar, which it was calculated would produce above 80,000*l.* a year, sufficient to serve as a fund to borrow 1,800,000*l.* at 3 per cent. for the service of the current year. A project for an addition to the customs duty on sugar had been in agitation for some time before Pelham presided at the treasury, and it was clearly an excellent tax; but Carteret and the prince of Wales, who was in opposition, saw in this question an opportunity for disappointing Pelham in his peculiar department, that of supply. A number of persons were interested, directly and indirectly, in sugar. On the report of the resolution on sugar, lord Limerick was put up to suggest that the resolution should be recom-

1744.

mitted, and that in lieu of the addition to the duty on sugar, a duty should be put upon foreign linens, of 1*d.* the yard. This gained the Scotch members, who thought a duty on foreign linens would promote that manufacture in Scotland. The influence of the prince and Carteret was exercised to keep members away from the House, and in the result the sugar and linen interests prevailed to carry lord Limerick's project, in a thin House, by 176 votes to 168.¹ Pelham would not, however, accede to the proposed tax on linen off-hand, and eventually the surplus of the last additional duties on spirits was carried to the use of the year.²

This was the first *defeat of a minister on a tax question* since the Revolution.

Not long after the declaration of war against France, March 29, the brothers Newcastle and Pelham prevailed on the king to part with their ambitious colleague, who had recently succeeded, on the death of his mother, to the earldom of Granville. In November the seals were given back to Harrington; and in December a union of parties was effected. This included Chesterfield—who was sent on his second embassy to the Hague, whence he subsequently went to Ireland as lord lieutenant, the duke of Bedford, Lyttelton with a seat at the treasury board, and George Grenville as a junior lord of the admiralty; while Pitt had a promise of the post of secretary at war as soon as the king's antipathy to him could be overcome. Formed on inclusive principles, and com-

¹ From the Par. Journal of the hon. Philip Yorke, Par. Hist. xiii. 652.

² 17 Geo. II. c. 17.

bining representatives of most of the great parties—Pelhams, Bedfords, and Grenvilles—this was known as the Broad Bottom administration.

Lord Orford, who had been summoned by the king to give his advice in the ministerial arrangements, returned to Houghton, and died there in the following March.¹

Foiled in his attempt to obtain additional revenue from sugar, Pelham, in 1745, turned his attention to other articles of consumption, and obtained an additional million for the purposes of the year, at 3*l.* 10*s.* per cent., on the security of an extension of the salt duties for six years, and a million and a half on an increase in the customs on wine and vinegar, of 8*l.* the tun on French, and 4*l.* the tun on other wine and vinegar. He had proposed, as an alternative, an addition to the taxes on tobacco and spirituous liquors. 1745.

On the other hand, a material reduction was made, in this year, in the tax on tea. The inland duty of 4*s.* the lb. was reduced to 1*s.* the lb., with 25 per cent. on the price of all tea sold by the East India Company.² This judicious measure had the best effect in decreasing 'the pernicious and illegal practices of unlawfully importing and clandestinely running and landing tea,' against which the measure was aimed. Pelham was able to effect it by drawing on the sinking fund.

The expenses of this year and the next were increased by the rebellion in the north. As Walpole

¹ For a Character of sir Robert Walpole by Chesterfield, see Appendix No. 6.

² As to salt, see 18 Geo. II. c. 5, made perpetual by 26 Geo. II. c. 3; wine, c. 9; tea, c. 26.

April 30. had always expected, war with France soon resulted in an attempt in favour of the pretender. After the defeat of the English and their allies at Fontenoy, the young pretender landed in Scotland; was proclaimed at Edinburgh; after the battle of Prestonpans, September 21, marched into England and on to Derby, occasioning, December 5, the panic in London known as Black Friday; and was only finally defeated on the following April 16, at Culloden. It was therefore necessary to impose additional taxes in 1746, and accordingly the additional tax on spirits suggested in the past year as an alternative to the increase in the duty on wine was carried into effect. To this there could be no objection, but, unfortunately, Pelham, a disciple of Walpole in taxation and an admirer of the system of excises, again subjected to an excise the MANUFACTURE OF GLASS,¹ which since the repeal of the tax imposed in the reign of William III., as ruinous to the manufacture, had considerably developed. At the same time, in order to secure a monopoly to the native manufacturers, high duties were imposed upon the importation of manufactured glass from abroad.

1747. The new taxes for 1747 were direct taxes as opposed to taxes on articles of consumption, and touched houses and carriages.

Montague's house tax, the successor of the hearth-money repealed soon after the Revolution, had, since its imposition in 1694, been increased by an additional step to the charge, and was now payable at different rates for houses having 10, or from 10 to 20, or from

¹ 19 Geo. II. c. 12.

20 to 30, or 30 or more windows. Pelham carried the principle of a WINDOW TAX to greater lengths ; changing the tax into a small fixed duty for all houses, combined with a window tax, charged in respect of the windows ; so that in the case of a house having 20 windows or more, 1s. was charged for every window in the house.¹

This practically new window tax was supplemented by a tax on all persons keeping PLEASURE CARRIAGES. At this date the finance ministers in this country, and many other countries in Europe, complained of the difficulty they found in reaching in taxation that personal or moveable property which everywhere was accumulating in larger masses year by year. In England the principle that personal property should bear its proportion in taxation with land, admitted for centuries, was every year enforced in the plainest terms by the Land Tax Act. Every year, towards raising the several sums of money charged by the Act, 'every person and persons, bodies politic and corporate, guild and fraternity in Great Britain having any estate in ready money, or in any debts whatsoever, or having any estate in goods, wares, merchandises, or other chattels, or personal estate whatsoever,' was required to pay so much in the £ on the yearly value thereof, as ascertained under the provisions of the Act. So ran the Act, but in practice personal property, which had long before this slipped out of assessment, continued to be free from the tax, which was collected solely from land.

Pelham hoped by this new tax to reach persons living in a certain style, irrespective of the source of

¹ 20 Geo. II. c. 3.

their income. He took a lesson from the old poll taxes, the last of which contained an item of charge relating to 'any person keeping a coach and horses ;' and as coaches, in the sense of private carriages, were now plentiful, and to keep a coach had always been allowed to be evidence of at the least easy circumstances, he expected, in the selection of persons keeping coaches for special taxation, to impose a productive as well as a fair tax. This was the first tax aimed at property, by taking an article of expenditure as *prima facie* evidence of the possession of means. The duty was annual, and was charged upon the tax-payer by reference to the number of carriages he kept. Stage-coaches, post-chaises, and hackney carriages were exempted.¹

1748. The last increase in taxation due to the War of the Right of Search consisted in a general rise in the customs on imported goods, another SUBSIDY, as it was termed, viz. 5 per cent., or 1s. in the £, on the value of goods as rated in the book of rates in the Great Statute of 1660 and the additional book of 1724. This subsidy formed, with the old subsidy of 1660, the new subsidy of 1698, and the one-third and two-thirds subsidies of queen Anne's war, 1703 and 1704, the fourth subsidy of 5 per cent., viz. 20 per cent. payable upon goods, in addition to which there were the imposts of 1690 and 1692 and the special duties charged upon a great variety of articles. It was granted in February 1748,² and as may be expected the Bill did not pass through the house of commons without meeting considerable

¹ 20 Geo. II. c. 10.

² 21 Geo. II. c. 2.

opposition from many members. One of its most formidable opponents was alderman Beckford, who objected more particularly to the further taxation of sugar, in which he was interested; while powerful support in debate was given to Pelham in an able speech by Henry Fox.

Henry Fox, a devoted adherent of Walpole, had left the ministry on the fall of his friend and patron; but subsequently, on Pelham's accession to the post of first lord of the treasury and prime minister by the aid of Walpole, had accepted the post of a commissioner of the treasury. Appointed in 1746 secretary at war, he had so highly distinguished himself for skill and assiduity in business and parliamentary abilities, that he was designated by the public voice as the person most likely to succeed Chesterfield, in February 1748, when, in consequence of his inability to work with Newcastle, he resigned the post of secretary of state he had held since November 1746. His experience at the treasury, and the attention he paid to fiscal questions, rendered him a high authority on matters of taxation.

Speech of Henry Fox.

In this speech he observed that, approving the maxim that, as a trading nation, we ought not to supply the public expense by taxes which affect our commerce or manufactures, he wished it were possible to see every port in the kingdom made a free port; that is to say, to have no customs or duties payable upon the importation or exportation of goods at any port in the kingdom.

But was it possible? Money must be had, some way or other, for supporting our government; and no money could be had but by taxes of some kind or other.

Those taxes must either be by way of land tax, poll tax, hearth-money, window tax, or taxes upon consumption; and these last must be raised either by way of custom or excise. As to the land tax, the House knew how difficult it was to get the parliament to consent to it at the time of the Revolution, and how many frauds were made use of for concealing the true value of estates, though the country was then in so much danger, and the new government in such distress for money. They knew what heartburnings were raised by the tax called hearth-money, in the reigns of Charles and James II. They knew what discontents were raised in king William's time by the poll tax. And they knew what a combustion was lately raised in the kingdom by an attempt (Walpole's excise scheme of 1733) to raise the duties on tobacco and wines by way of excise.

Therefore, if money had been raised by taxes upon consumption, and those taxes levied by way of customs upon the importation of goods, it was not the fault of the government, but of the people, who would not submit to any other methods for raising money. Thus in the years 1689 and 1690 it was with some difficulty that the people were prevailed on to agree to a land tax of one or two shillings in the £, because by the extraordinary and sudden success of the Revolution the danger was removed from their own doors, though it was very certain that if the king of France had suc-

ceeded in all his then views, particularly that of getting his son, the Dauphin, elected king of the Romans, he would have sent king James back upon us with such a force as we could not then have resisted. And it was certain that if king James had been then, with a formidable army of papists, in any part of England, there were few protestants in the kingdom who would not have cheerfully parted with 18s. in the £ to have got rid of such apparent danger.

The insensibility of the people, and the danger of raising a general insurrection which from this insensibility the government had just reason to apprehend, had forced the government at that time and often since that time not only to run in debt, but to contrive funds for that purpose by increasing the customs or duties payable upon the goods and merchandise. Such duties, he would grant, affected in some measure our commerce and manufactures; but as the duties paid upon importation were mostly drawn back upon re-exportation, he believed there was no country in the world where their commerce and manufactures were less affected by their customs than in this; and it must be allowed that since the Revolution, and especially since the accession of the present royal family, both our commerce and manufactures had been considerably eased by the laws made (in 1700 and in 1723)¹ for freeing almost all sorts of goods from the payment of any duties upon exportation, except those sorts which we ought not to allow to be exported at all, or, at least, not without enhancing the price by a duty upon exportation.

¹ See ante, page 95.

He next alluded to the maxim that, *even in time of war, we ought to raise as much money within the year as should be necessary for answering the current service of the year*, and allowed that this ought to be done, if it were possible. But it was often necessary for a government to run into debt for the following reason : all governments must have a regard not only to what the people are able to bear, but what they are willing to pay, and the manner in which they are willing to pay, without being provoked to a rebellion. This often made it necessary for a government to run in debt, as well as to raise money for the public service in the most improper manner, especially when they are engaged in a war for preventing a remote danger. For as the people in general are not sensible of remote dangers, they are extremely unwilling to contribute a great deal out of their yearly income towards preventing such dangers.

For if the government could, in the first war with France, have ventured to propose, and the people had cheerfully submitted to pay, a land tax of 4s. in the £ annually towards the public expense, and to have had their estates valued at the full and true value, it would neither have been necessary for our government to have run in debt, nor to have loaded our commerce with duties payable upon importation. Because such a land tax would, he was convinced, have brought in at least four if not five millions; and that, with the excises we had before or soon after submitted to, would have defrayed the whole yearly expense we were at, either in that or the following war—the war of the Spanish Succession.

We were now compelled to increase our customs as a security for new debt, because he believed no minister would dare to propose increasing either the land tax, the window tax, or the number of our excises. And as little would any minister dare to propose renewing either the poll tax or the tax called hearth-money.¹ The list was thus exhausted, and the chancellor of the exchequer was reduced to proposing an increase in the customs.

After the termination of the war, by the Peace of Aix-la-Chapelle, October 7, 1748, the rate of the land tax was reduced, in 1750, to 3s., and in 1753, to 2s.; but the other taxes imposed during the war—the window duties and the tax on carriages, the excise on glass, the additions on wine and spirits, and the fourth subsidy of 1748—remained fixtures in our fiscal list.

Pelham survived the peace six years, and died, rather suddenly, March 6, 1754, according to the new style,² introduced into this country in 1751 by Chesterfield. At this date Newcastle, still a secretary of state, had changed his province, having taken the northern department when Chesterfield resigned. Lord Holderness had been secretary for the southern department since June 1751.³ While Pitt held the post of pay- 1754.

¹ From the London Magazine. Par. Hist. xiv. 164–72.

² Eleven days were suppressed between the 2nd and 14th Sept. 1752. The quarter days for revenue purposes became Jan. 5, April 5, July 5, and Oct. 10. For a Character of mr. Pelham by Chesterfield, see Appendix No. 6.

³ When the duke of Bedford resigned in consequence of the dismissal of lord Sandwich.

master of the forces, having been taken into the administration in 1746, after the curious ministerial episode of that year, when the Pelhams defeated the intrigues of Bath and Granville by a hasty resignation, followed by a return to office under conditions which enabled them to insist on his admission to office.

Bolingbroke had died in 1751. Bath had lost all power. Under a daily allowance of two bottles of Burgundy and the love of a life of ease, Granville had lost all ambition; he reposed since 1751 in the easy berth of president of the council, which he continued to fill until his death in 1763. While Chesterfield, already head of a family with three earldoms,¹ had refused a dukedom, and was not again to be tempted by office from literary pursuits, the building and adornment of his house in May Fair, and the enjoyment of a philosophical retirement. Thus St. John, Pulteney, Carteret, and Chesterfield had all passed out of the political arena.

In the house of commons three men stood prominent, Henry Fox, Murray, and Pitt. At first, Fox was to have succeeded Pelham, but, in consequence of a difficulty about the disposal of the secret service money, the distribution of which Newcastle desired to retain in his own hands, the proposed arrangement collapsed. Murray was intent upon professional advancement. The king's dislike to Pitt was such that

¹ James Stanhope, the prime minister, created lord Stanhope and viscount Stanhope of Mahon, in 1717, and earl Stanhope in 1718, and William Stanhope, created earl of Harrington, after negotiating the treaty of Seville, 1720. Secretary of state, 1730-42, afterwards president of the council, and subsequently again secretary of state.

no conspicuous place in the ministry could be offered to him ; but Newcastle, who now succeeded his brother as first lord of the treasury and prime minister, made arrangements with all possible regard and attention to Pitt's connections and feelings. Sir Thomas Robinson, afterwards lord Grantham, who ' had not parliamentary talents that could cause him jealousy,' was made secretary of state, and became leader of the house of commons. His strong personal adherent, Henry Bilson Legge, son of the first earl of Dartmouth, was appointed chancellor of the exchequer, Newcastle writing to explain to Pitt that he could never think of appointing him to that post with another person at the head of the treasury. While the post of treasurer of the navy was given to his brother-in-law George Grenville, and that of cofferer of the household to his friend Lyttelton.

Pitt and Fox retained their subordinate posts in the new administration, but soon rendered the leadership of Robinson such a farce that Newcastle found it necessary, in 1755, to strengthen the administration by inviting the co-operation of Fox in the cabinet. Accepting the offer, Fox parted from Pitt, and before the end of the year was raised to the post of secretary of state, and became leader of the house of commons, on the willing return of Robinson to his old office of the Great Wardrobe, with a pension. In November Pitt practically invited dismissal by a severe denunciation of the new treaties with Hesse and Russia, binding England in certain events to pay large sums for foreign soldiers for the defence of Hanover. Legge and George Grenville left office with him ; but Lyttelton,

1755.

who had now broken from Pitt, and publicly complained of the treatment he received from him, was appointed to succeed Legge as chancellor of the exchequer, notwithstanding his want of any qualification for the post. ‘Had they dragged Dr. Halley from his observatory to make him vice-chancellor, or Dr. Hales from his ventilation to act Bayes in “The Rehearsal,”’ writes Horace Walpole, ‘the choice would have been as judicious.’

Thus stood the administration at the commencement of the Seven Years’ War.

CHAPTER V.

THE SEVEN YEARS' WAR.

1756—63.

Commencement of the war. Cost of the war. Lyttelton's new taxes on the possession of plate and cards and dice. Proposed tax on bricks relinquished for a tax on publicans. Loss of Minorca. Resignation of Fox. Newcastle resigns in November 1756. The Devonshire-Pitt administration. Temple and Pitt dismissed. The Newcastle-Pitt administration. Additional taxes on deeds, newspapers, and advertisements and new tax on wine licenses in 1757. Increase in the taxes on houses and windows and new tax on offices in 1758. Our successes in America and India. The Great Year, 1759. Our enormous expenditure. Legge's proposed tax on shops. Proposed tax on sugar. A general subsidy of customs imposed. Pitt's speech on excises. Enormous increase in the taxes on malt and beer in 1760 and 1761. Bute secretary of state. Dismissal of Legge. Resignation of Pitt and Temple in 1761. Resignation of Newcastle, May 1762. The Bute administration. First fruits of the peace. Dashwood's new taxes in 1763. Tax on wine. Tax on cider and perry. The Cider Act. Its unpopularity. Resignation of Bute. George Grenville as the Gentle Shepherd.

THE peace of Aix-la-Chapelle was, in effect, but a truce. In North America, the French, by a line of forts connecting Canada with Louisiana, threatened to sever our colonies from the western continent, and shut us in between the Atlantic and the Alleghanies. In India warlike operations continued between the English and French India Companies; and Dupleix, threatening our settlements along the coast, declared his intention to establish a French empire in the East.

‘ “L’empire de la France est fondé,” disait-il.’¹ While our seamen, wherever our ships sailed, continued to annoy and harass the shipping of the French. At last, in March 1755, we made preparations for war, and in July war practically commenced.

This war with France, from the connection it had with the fur trade of our colonists in North America, was sometimes termed the ‘Catskin War’—a question of ‘dealing in a hundred or two of wild-cats’ skins on the other side of the globe;’ while Voltaire speaks of it as a war about some few acres of snow in the direction of Canada. The origin of the war was not dramatic, but the results were of infinite importance to us. It formed part of the great contest subsequently known as the Seven Years’ War.

In 1755, the amount of the national debt of Great Britain was about seventy-two millions and half. The annual charge for interest, including management and life and terminable annuities, was about 2,600,000*l*.² The civil list and other expenses of the civil government were about 1,000,000*l*. The average naval and military expenditure from 1753 to 1755 had been about 2,000,000*l*. The revenue was about six millions and three quarters, that is : customs, 1,780,000*l*. ; excise, 3,660,000*l*.—total, customs and excise, 5,440,000*l*. Land-tax at 2*s*., 1,000,000*l*. Window tax, and duties on pensions and offices, 235,000*l*. Stamps, 137,000*l*.

Our expenditure during the war, roughly stated in millions, was in the eight years, 1756–63 inclusive, as

¹ Guizot, *Hist. de France*.

² Return, Pub. Inc. and Expend., Part II. Appendix No. 12.

follows; viz. :—13, 16, 18, 20, 25, 29, 29, and 24 millions.

Of the eighty-two millions¹ the war cost us, about 1756.
sixty were added to our national debt.

As usual on the commencement of war, the rate of the land tax was raised, in 1756, from 2*s.*, at which rate it had been granted annually since 1753, to 4*s.*, to produce an additional revenue of a million a year. But new taxes were wanted, and a variety of suggestions were made for the assistance of the new chancellor of the exchequer in his task. Could not French servants be taxed? or card tables, or the fashionable amusements of the day, or statues in gardens, at so much a head?—for the lakes, groves, grottos and temples of that day were thick-set with heathen gods and goddesses—a fashion derived from France, where, as Montaigne observes, Louis XIV. had in his gardens as many statues as the inhabitants of many towns.²

When Lyttelton opened the plan of supplies and taxes—it was not yet termed opening the Budget—February 25, 1756, he suggested several new taxes. One, similar in principle to Pelham's tax on persons keeping carriages, was charged upon private individuals and corporations possessed of plate over a certain amount in value; taking the POSSESSION OF PLATE as evidence of capability to pay a tax; and this tax, after encountering some opposition in the house of commons,

¹ The total cost of the war 1754–63 was 82,623,738*l.*

² 'Here Amphitrité sails through myrtle bowers;
There gladiators fight or die in flowers;
Unwater'd see the drooping sea-horse mourn,
And swallows roost in Nilus' dusty urn.'

Pope's epistle on Taste appeared about a quarter of a century before this.

more particularly from Legge and George Grenville, passed into law.

A second proposal, to double the tax on cards and dice, was equally successful. This tax on gambling might have been trebled without any opposition, for the recent earthquake at Lisbon had created a feeling of awe similar to that occasioned only a few years before this by an earthquake in London, when after two shocks, it was reported that a hen at Edmonton had laid an egg inscribed 'Beware the third shock,' and a scare took place which carried, on the fatal day, half the inhabitants into the fields to avoid destruction in the overthrow of the wicked city.¹

A *proposal to tax bricks* and tiles, Lyttelton failed to pass. A tax on bricks, it was urged, would be partial in its incidence, because in many parts of the kingdom only stone was used for building, and unfair, as it would not touch the houses of the richer classes, which were principally built of stone. And when the arguments against the tax had begun to prevail, and it was suggested to him that the publicans were driving a roaring trade, and that a 1*l.* tax on their business licenses would produce considerably more than the proposed tax on bricks, abandoning the brick tax, he adopted the suggestion for a **TAX ON PUBLICANS**.

In the course of the debate on the plan of supplies, George Townshend suggested the advisability of taxes on French servants and the exportation of horses. A number of French servants, he stated, were employed in English households as valets, cooks, and in other

¹ Reed's Weekly Journal, April 7, 1750.

capacities; while almost every officer in the French service had two English horses.

In this year the linen trade was encouraged by the repeal of the import duties on the raw material of the manufacture—all raw or brown linen yarns made of flax and known as Dutch, French, Spruce, Muscovia, or any other yarn, and an extension of the bounty on the exportation of British and Irish linen.¹

Our want of success at the outset of the war, the loss of Minorca, May 19, 1756, and Byng's conduct, surprised and enraged the nation. For some time our attention had been directed to preparations at Brest for an invasion, and never was the nation more impressed with the necessity of keeping the command of the seas. When, therefore, the news came that the English admiral had failed to beat the enemy, and reports were circulated, for which Byng's love of dress and French fashions appeared to give ground, that he had either shown cowardice or had been bribed by the French, the fury of the people, against him in the first place and, in the second place, against the ministry for their failure to make proper arrangements, became ungovernable. The ministry sacrificed Byng, but this did not save them. Fox got rid of the seals of secretary of state in October; and in November Newcastle and the lord chancellor, Hardwicke, resigned office.

In the new administration Pitt, now high in popular favour, was the most prominent member, holding the seals of a secretary of state, the duke of Devonshire, who

¹ See as to plate, 29 Geo. II. c. 14; cards and dice, c. 13; alehouse licenses, c. 12; and linen yarn, c. 15.

had lately succeeded to the title, being first lord of the treasury, and nominally prime minister. Legge became chancellor of the exchequer in the place of Lyttelton, who received a peerage. Pitt's brother-in-law, earl Temple, succeeded lord Anson at the admiralty. Holderness was retained by Pitt, as the other secretary of state, in order to gratify the king. George Grenville was treasurer of the navy; Charles Townshend, treasurer of the chambers, and the duke of Bedford, lord lieutenant of Ireland.

The new ministry, without credit at court and without the great parliamentary influence of Newcastle in the house of commons, was not made to last. The king could not endure Temple, and his dislike for Pitt grew, after Pitt's conduct in relation to Byng, to aversion. Before leaving England to take the command of the army of observation, the duke of Cumberland, who did not care to be checked by an anti-Hanoverian ministry at home, prevailed on the king to dismiss, April 1757, first Temple and subsequently Pitt, and Legge retired with Pitt.

Gold boxes with the freedom of the city from the Common Council, and similar testimonials from many other quarters—'It rains gold boxes,' writes Lady Hervey—evidenced the popularity of Pitt and his friend; and after an 'inter-ministerium' of three months, Newcastle, unable to form a government without Pitt, was compelled to coalesce with him in forming the Pitt-Newcastle administration, in which the duke, as first lord of the treasury, was the nominal, but Pitt, holding the post of secretary of state, the real, head—

'Pitt doing everything and the duke giving everything.' Legge returned to his post of chancellor of the exchequer, and Anson to the admiralty. Lord Holderness was replaced as the other secretary of state. Fox was appointed paymaster of the forces, the lucrative post he desired; the duke of Devonshire took the post of lord chamberlain, and the administration included Temple, George Grenville, and Charles Townshend.

In 1757 alderman Beckford, father of William Beckford, of Fonthill celebrity, had proposed new taxes on tea and salt. But these were not accepted, and the new taxes for the year fell upon wine licenses, deeds and newspapers and advertisements. New licenses were required for the retail of wine, costing from 2*l.* to 5*l.* The duty on deeds was raised by an additional 1*s.*, making it 2*s.* 6*d.* The increase in the trade in newspapers consequent on the demand for news of the war, was considered to justify an additional halfpenny stamp upon all newspapers, half sheets and whole sheets; and the duty on advertisements was doubled, making it 2*s.* for every advertisement in a newspaper, and extended to advertisements in periodicals and almanacs.¹

1757.

In 1758 there was an increase in the house and window tax, and a new tax was imposed upon income from offices. Under the Land Tax Act, offices were already charged at 4*s.* in the pound; the new duty was at the rate of 1*s.*, for all OFFICES with a salary exceeding 100*l.*, except naval and military offices.² It included, therefore, the judges; but this diminution in

1758.

¹ 30 Geo. II. c. 19.

² Houses and windows and offices by 31 Geo. II. c. 22.

their emoluments was more than recouped to them in the next year, when, notwithstanding some opposition, a motion in the house of commons for an increase in their salaries was carried by a large majority of votes; so that the book of Judges was saved, as Charles Townshend put it, by the book of Numbers.

Under the influence of that vigour and energy which Pitt infused into our administration—no man, said colonel Barré, ever, after a conference with him, left his presence without an inspiration of courage—the nation soon emerged from the gulf of despondency into which they had been plunged by the events that occurred at the commencement of the war. In America, Wolfe's victory over Montcalm at Quebec was followed by the capitulation of Quebec and the conquest of Canada. In India, Clive's victory of Plassey, June 1757, and Coote's victory of Wandewash, December 1759, entirely changed the aspect of affairs in that part of the world, and laid the foundation of a British empire in the east, in lieu of the French empire contemplated by Dupleix. In Europe, though in 1759 the fortunes of Frederick seemed at the lowest ebb, Ferdinand of Brunswick, with an army composed mainly of British soldiers, gained a decisive victory over the French forces under de Broglie at Minden. While, on the seas, our sailors, victorious in every encounter with the enemy, gained off Quibéron, at the mouth of the Vilaine, under admiral Hawke, in the fight the French term '*La Journée de m. de Conflans*,' a victory over the enemy in which culminated the glories of the Great Year, as Horace Walpole dates

his letters—the year in which a new victory was to be expected in the morning with the rolls for breakfast.

Events such as these leave their traces on the exchequer roll. Our expenditure was enormous. For the purpose of meeting the interest of the loans necessary for the war, Legge *attempted to introduce a tax on shops*, urging that the trading community, who were benefited by the war, should share the expense it occasioned. The proposed tax was to be at the same rate on all shops, without reference to the amount of business carried on. It was, therefore, open to the objection that it would crush out of existence the smaller traders, and create an army of monopolists who could certainly charge on the consumer double the amount they paid in tax; and eventually he was persuaded to abandon it. Failing to carry the tax on shops, he proposed to increase the duty on sugar. But this was opposed by Beckford. His principal fortune lay in Jamaica, and therefore ‘a tax on sugar touched his vitals.’¹ At first, with fifty other merchants, he applied to Legge, requesting him to abstain from imposing the tax. Proving unsuccessful in that quarter, he appealed to Pitt and had influence sufficient to persuade him to take up the case. Newcastle and Legge were required to alter their plan, and the proposed tax was shifted on to dry goods in general; that is to say, in lieu of a special tax on sugar, a GENERAL SUBSIDY OF CUSTOMS was substituted, of 1s. in the £, or 5 per cent., on tobacco, linen, sugar and other grocery, except currants, East India goods, except coffee and raw silks, brandy and other spirits,

1752.

¹ Hor. Walpole, Mem. Geo. II., iii. 177.

except colonial rum, and paper. This subsidy of 1759 formed, with the 'old subsidy' of 1660, the new subsidy of 1698, the one-third and two-thirds subsidies of queen Anne's war, and the subsidy of 1748 imposed in the war of the Austrian Succession, the fifth subsidy of customs, or, in all, 25 per cent. upon the value of most sorts of goods.¹

As Pitt did not often interfere in the details of taxation, his speech on this occasion is valuable, as a record of the views he entertained on that subject. It was the speech he commenced with the memorable 'Sugar, Mr. Speaker,' silencing the derisive cheers this opening word occasioned, by the repetition of the word with a vehemence worthy of the 'terrible cornet of horse.' He is stated to have praised the principle of Walpole's Excise Bill, although at the time he had opposed the measure. He had changed, he acknowledged, his opinion on the subject, and was in favour of excises, as the best sort of taxes in the circumstances of that day; and expressed an opinion in favour of an addition to the duty on hops, which would touch private brewing as well as beer brewed for sale. The House was not with him on that occasion, but the influence of his views is evident in the taxes imposed in 1760 and 1761.

1760.

In the first of these years, on the opening of the ways and means, Legge proposed a considerable increase in the taxation of beer, but was opposed by

¹ An inland additional duty was imposed upon all coffee sold and chocolate made or sold in Great Britain, viz., for coffee 1s. and for chocolate 9d. the lb. 32 Geo. II. c. 10.

George Grenville, who now for the first time openly showed his disagreement with Pitt. Eventually the malt duty was increased by 3*d.* the bushel, viz. from 6*d.* and a fraction to 9½*d.* the bushel for England, with an increase of 1½*d.* for Scotland. And in 1761 no less than 3*s.* the barrel was added to the tax on strong beer, raising the price per pot by 1*d.* 1761.

This enormous increase in the taxation of beer formed the principal addition to our taxes in the Seven Years' War. An increase in the duty on spirits, in 1762, had in view, not so much an addition to the revenue, as the prevention of the excessive consumption of spirits, by continuing the high price of such liquors. While a license tax, imposed in 1758 on persons selling gold and silver plate, was in commutation of Sunderland's tax on silver plate, which was repealed as a failure. The only other addition of importance was an increase in the house and window tax, effected in 1761.¹

Soon after the accession of George III. to the throne, in March 1761, Holderness was removed from the post of secretary of state in order to make place for the king's favourite, the earl of Bute; Legge, refusing to resign, was dismissed, and lord Barrington, the new chancellor of the exchequer, was succeeded by Charles Townshend as secretary at war. Pitt, unable to carry in the cabinet his proposal for a declaration of war against Spain, resigned office, with Temple, in October. The tory party improved their position day by day, and in May, 1762, the long period of nearly half a century of whig ascendancy—the reign of the Revolu- 1762.

¹ By 2 Geo. III. c. 8, but not to come into force until April 5, 1762.

tion families, came to a close with the resignation of office by Newcastle.

Bute, with little or no experience of business generally, and in absolute ignorance of the details of the revenue, was appointed to the post of first lord of the treasury ; George Grenville succeeded him as secretary of state ;¹ and sir Francis Dashwood, notorious for his eccentric revelries at Medmenham, a man of ability in some particulars, but to whom, in the words of a wit of the day, ‘ a sum of five figures was an impenetrable secret,’ became chancellor of the exchequer.

The expenses consequent on the Seven Years’ War did not end with the peace of Paris, signed in September, soon after the accession of Bute to office, and, as ‘ first-fruits of the peace ’—so the opposition put it—Dashwood was obliged, in 1763, not only to continue the land tax at 4s., but also to propose some additional taxation.

1763.

The additional taxes had been laid upon beer without any serious opposition ; and on *opening the Budget*, as the annual statement of the plan of supplies and means by the chancellor of the exchequer was now termed,² Dashwood proposed an addition to the taxes on wine and vinegar, of the same amount as that made by Pelham in 1745, viz., 8*l.* the tun on French, and 4*l.* on all other wine and vinegar, and a tax on the making of cider and perry.

¹ The earl of Egremont being the other secretary.

² Hor. Walpole, Mem. Geo. III. i. 250. Budget is from the French *bougette*, little bag, or pedlar’s pack, in which the chancellor of the exchequer kept his papers. The French adopted the term in the present century, about 1814.

To the former of these there was no serious objection, but the proposed tax on cider and perry was as unpopular a tax as any that could be devised.

Cider and perry were at this date, as they have ever been in this country, local rather than national drinks. They formed the favourite, in many parts, the exclusive, beverages of the inhabitants of the shires of Worcester, Gloucester, Hereford, Devon and Somerset, and part of Cornwall; but were not articles of general consumption beyond the limits of the expanse of country celebrated, half a century before this, by John Philips, the poet of cider, as 'the Cider-land.' In the Cider-land it was customary to make at home the cider and perry they consumed, and, as the ordinary tax on these liquors touched only liquor sold, the consumers had hitherto enjoyed immunity from taxation—'their fruits without excise,' as Churchill states it. These local drinks Dashwood now proposed to tax, and in order to secure the tax, to give to the excise officers extensive powers of inspection, enforcing a tax, partial and unfair in its incidence, by means of domiciliary visits that violated the most cherished feelings of liberty.

The Cider Bill was strongly opposed in the Commons and in the Lords. In the Commons, Pitt attacked the measure as a dangerous precedent of admitting the officers of excise into private houses: 'Every man's house is his castle,' he urged; and other members joined in opposing it, but eventually the Bill, supported by George Grenville and North, passed through the House. In the house of lords,

the principal opponent of the Bill was Hardwicke, who not only regarded it as an extension and application of the excise laws to improper subjects, but also urged that the tax was in effect an additional land tax on the cider counties; and though Bute, who rarely spoke in parliament, supported the Bill, so strong was the feeling against the tax, that, on the proposal to commit the Bill, a division was taken in the house of lords, for the first time, upon a Money Bill.¹

The passing of the Cider Act caused an agitation in the country similar to that which had occurred on the introduction, in 1733, of Walpole's Excise Bill. 'It had taken thirty years to open the eyes of mankind to the benefits of excise,' exclaims Horace Walpole, 'the only, at least the best, method of improving the revenue without imposing new burdens; but the unpopularity of this administration caused the old prejudices against excises to be industriously revived.' The disturbances caused by the Act drove Bute from office, or were assigned by him as the reason for his resignation, April 8, 1763; and in the caricatures of the day of 'the Roasted Exciseman, or Jack Boot's Exit,' the enraged mob are represented burning the effigy of a Scotchman suspended to a gallows, and a great worn boot lies in a fire into which a man is throwing an excised cider-barrel as fuel.

In the debate on the Cider Bill, a point had been

¹ Bute was not an effective speaker, and on this occasion his speech was made in words of such solemn, slow, and measured monotony that Charles Townshend said it sounded like minute guns.—Par. Hist., xv. 1316.

pressed by Grenville with almost petulant pertinacity. He had taken, in common with many other able men of the time, a very gloomy view of our fiscal position and the difficulties in opening new sources of revenue in this country, and now, speaking in answer to Pitt, he urged that the cider tax was unavoidable, because the government did not know where they could lay another tax to produce the money required :—‘ The honourable member complains of the tax, why does he not tell us where we can go, if not to this source ? Will the honourable member tell me where ? ’ Pitt hummed the commencement of an old song, ‘ *Gentle shepherd, tell me where.* ’ This repartee upset Grenville, took the fancy of the House, and caused the minister to be named ‘ the Gentle Shepherd. ’ ‘ There is use in recording the anecdote, ’ wrote Horace Walpole, many years afterwards ; ‘ the appellation of “ the Gentle Shepherd ” long stuck by Grenville ; he is mentioned by it in many of the writings on the Stamp Act, and in other pamphlets and political prints of the day. ’ There may be use in repeating the anecdote here, if only to serve to mark the point in the history of taxation in this country at which we were supposed to have arrived at the end of all possible taxation at home, or, at any rate, so near the end that it was considered necessary to send the tax-gatherer to the colonies. That was where ‘ the Gentle Shepherd ’ told us to go, and how he directed us thither and the result form the subject of the next chapter.

CHAPTER VI.

THE TAXATION OF AMERICA.

The Grenville and the Grenville-Bedford administration. Grenville's rigorous enforcement of the Navigation Act. He determines to tax the colonies in America. His plan. The port duties imposed in 1764. The Stamp Act of 1765. Fall of Grenville. The Rockingham administration. Repeal of the Cider Act and the Stamp Act for America. The Grafton administration formed by Chatham. Loss of the land tax resolution. Townshend's Revenue Act for America. Death of Townshend. North chancellor of the exchequer. Resignation of Grafton. North's long administration.

1763. ON the resignation of Bute, by means of his influence with the king, George Grenville was advanced to the leadership of the administration, holding with the post of first lord of the treasury, that of chancellor of the exchequer, from which the incompetent Dashwood had been removed to the office of the great wardrobe, with a peerage as lord Le Despenser. The two secretaries of state, Grenville's brother-in-law, Egremont,¹ and Halifax, formed with him the triumvirate, as they were termed, which, after a duration of three months, was broken up by the death of Egremont, an event that weakened the administration to such a degree that the king, on the recommendation of Bute, applied to Pitt in an endeavour to induce him again
- 1764.

¹ G. Grenville married Elizabeth, daughter of sir W. Wyndham, and sister of the earls of Egremont and Thomond (Windham O'Brien).

to take office. Pitt, unable to see his way to the formation of an administration likely to last, without the assistance of Temple and the duke of Devonshire, and a considerable admixture of the great whig family element, framed his list for a proposed administration too much in that view to suit the king, as then advised, and the negotiation with him ended in failure.

Almost immediately after this, the duke of Bedford, who had not, or fancied that he had not, been included in Pitt's proposed arrangements, joined Grenville with his whole party, taking the post of president of the council, so long held by the late earl Granville,¹ while the earl of Sandwich took the post of secretary of state, in succession to Egremont. As thus strengthened and reformed the administration was known as the Grenville-Bedford administration.

The character of Grenville has been drawn, and not unkindly, by a master hand. A legal education, which quickens and invigorates the understanding but is not apt to open and liberalize the mind exactly in the same proportion, and a long course of official training, which gives knowledge that is valuable but fixes the mind upon form and precedent; these, in combination, had led him to conceive that the flourishing trade of this country was greatly owing to law and institution and not quite so much to liberty, and to believe regulation to be commerce and taxes to be revenue. Among regulations, that which stood first was his idol—the Act of Navigation. Already, when first lord of the admiralty in Bute's administra-

¹ Earl Granville, better known as lord Carteret, died in January 1763.

tion, impressed with the necessity of improving our revenue from customs, he had prepared and presented to the lords of the treasury a strong memorial complaining of the growth of illicit commerce in America ; and now, in his anxiety to repress evasions of the navigation laws, he so much tightened the bonds of the Act of Navigation that the colonists found, under the construction and execution so used, the Act no longer tying, but actually strangling them.¹

But the new enumerations of commodities and regulations in restraint of the trade of our colonies with the French and Spanish colonies, introduced by Grenville, formed only preliminaries to an attempt to obtain additional revenue from America by means of taxation.

Hitherto no taxes had been imposed in our colonies by the mother-country for the purpose of revenue. The duties imposed at the request of the colonies, termed the plantation dues or duties,² amounted merely to a regulation of trade. An attempt was indeed made to reckon the post-office as a precedent : 'Is not the post-office, which they have long received, a tax as well as a regulation ?' was asked of Dr Benjamin Franklin, in evidence before the committee on the Stamp Act, in 1765. But Franklin, who was deputy postmaster-general of North America, replied, 'No ; the money paid for the postage of a letter is not of the nature of a tax, it is merely a quantum meruit for a service done ; no person is compellable to pay the money if he does not choose to receive the service. A man

¹ Burke. *Speech on American Taxation*. Works, iii. 107-9.

² See vol. iv. p. 25.

may still, as before the Act, send his letter by a servant, or a special messenger, or a friend, if he thinks it cheaper or safer.'¹ Suggestions for taxation had been made and plans had even been proposed, but up to this point in their history the colonies in America remained untaxed by Great Britain.

The opinion on the subject of taxation prevalent in many of the colonies was as follows:—Founded by adventurers who possessed their lands under a title springing from the crown, they might originally, as royal colonies, have been not unwilling to concede the existence of considerable powers of taxation in the crown; but after the Revolution, when the house of commons became the supreme or sole authority in all matters of taxation, their position was altered. As, on the one hand, no whig, like Grenville, would for a moment allow that the colonies could legally grant any revenue to the crown, so, on the other hand, the colonies had reason for refusing to admit the existence, in a representative assembly like the house of commons, of any power to tax those who were not present by their representatives. The acknowledged advantages of the connection with the mother-country, and the goodwill towards her that prevailed, would induce them to consent to imposts that could be regarded as in regulation of trade; but that parliament had a right to impose taxes, as opposed to duties, they denied. 'I never heard,' said Benjamin Franklin, in his evidence before the house of commons, 'of any objection to the right of laying duties to regulate commerce; but a right

¹ Evidence of Dr. Benjamin Franklin, *Par. Hist.* xvi. 148.

to lay internal taxes was never supposed to be in parliament, as we are not represented there.' ¹ Such was the opinion on this subject in many of the colonies.

During the Seven Years' War, the resources of the colonies had developed with a rapidity hitherto unknown in the history of nations, and the assemblies of several of the states had been liberal in the grants they made towards the expenses of the war. Their prosperity proved, so it was considered, their ability to contribute to the imperial exchequer. Their dependence upon the mother-country and the advantages of the connection would secure, so it was believed, the eventual payment of taxes imposed by parliament for imperial purposes ; at any rate, under moderate pressure they would pay. Little attention appears to have been paid to the plea advanced by several of the colonies, that for the purpose of paying off debt contracted during the war they were at this time burdened with heavy additional taxes. Nor did the alteration in the relative position of the mother-country and the colonies consequent upon the conquest of Canada receive the consideration it deserved. That conquest had been hailed with acclamation by persons of every class in England ; but, by removing from our colonies all fear of the house of Bourbon, it had left the mother-country, as de Choiseul had pointed out, the sole object of their jealousy.

And now Grenville, impressed with the magnitude of our national debt and the weight of our taxes, and harassed by the difficulty in discovering new sources of

¹ Par. Hist. xvi. 142.

revenue, in an evil hour determined to send the tax-gatherer to our colonies in America.

His scheme consisted of two parts: a proposition for certain duties at the ports, such as we term customs; and an internal tax, by means of duties similar to those in this country termed stamp duties. The customs part of the scheme, consisting of duties on imported wine, coffee, sugar, indigo, silks, calicoes, linen, cambric and lawn, and coffee and pimento when exported to other places than Great Britain, passed into law in the same year. These the colonists were willing to allow as a regulation of commerce, and to this part of the scheme they made no serious opposition.

But the terms of the recital to the taxing Act engaged their serious attention. It ran that—‘it was expedient that new provisions and regulations should be established for improving the revenue of the kingdom; that it was just and necessary that a revenue should be raised in his majesty’s dominions in America for defraying the expenses of defending, protecting, and securing the same; and that parliament was desirous to make *some* provision in the *present* session of parliament *towards* raising the said revenue in America.’ And these expressions were considered, by the colonists, to imply an indefinite extension of imperial taxes in America, of which this Act imposing customs duties was but a first instalment, and accordingly seemed to open out a vista of future taxation without an end.

The other part of Grenville’s scheme, that relating to stamp duties, was not carried out in 1764. A resolution for imposing the tax was introduced into the

house of commons, and passed through committee, but was subsequently withdrawn, on the understanding that the subject should be re-introduced in the following year.

A STAMP ACT FOR AMERICA was no new project. As far back as the times of Walpole a scheme for a stamp tax had been suggested to that minister by sir W. Keith, ex-deputy governor of Virginia ; but Walpole, who had recently been compelled to withdraw his Excise Bill, declined to entertain the project, stating, 'I have old England set against me, and do you think I will have new England likewise?' The scheme introduced by Grenville appears to have been planned for Bute, when in office, by Jenkinson, his private secretary,¹ who now, as secretary to the treasury, brought it before Grenville. Grenville warmly adopted the scheme, and early in the following session brought in a Bill for imposing stamp duties in America, which passed into law without encountering any serious opposition in either House. There was only one division on the subject during its passage through the house of commons, the minority on that occasion numbering about 40, and no division in the house of lords: 'There scarcely ever was less opposition to a Bill of consequence.'²

The Act imposed duties on a great variety of deeds, instruments and law proceedings, and also taxes which, nominally stamp duties, in imitation of the English tax

¹ Jenkinson probably derived the suggestion from Henry McCulloh. Grenville Papers, ii. 374.

² Burke. Speech on American taxation, Works, iii. 210.

list, in fact touched articles of every-day consumption, such as newspapers and pamphlets, and the advertisements contained therein. Cards and dice were taxed by the Act; and an annual license tax was imposed upon the retailing of spirituous liquors and wines, which differed little, in substance, from the well-known taxes on trades and businesses then in force in several of the colonies. The Act was to come into operation from the 1st day of November, 1765.

Meanwhile, in America, the feelings of indefinite alarm had greatly increased. Every possible argument against the imposition of internal taxes in a country not represented in parliament had been collected and marshalled, and uniformity of action for protest, or, if necessary, for resistance, had been secured by intercommunications which had passed between the various states.

In these circumstances, as might be expected, the news of the passing of the Stamp Act was received with unbounded indignation, and when the Act itself arrived, and from a perusal of its provisions appeared calculated to be attended with consequences ruinous to the trade and prosperity of the colonists, 'the conflagration blazed out at once in an universal disobedience and open resistance to the Act.'¹

The peal of remonstrance which sounded across the Atlantic found an echo in this country; for our merchants represented the effects of the Act as equally disastrous to them, inasmuch as the Americans, then

¹ Burke, Observations on a late publication, *The Present State of the Nation*, Works, iii. 81.

indebted to them in about four millions, refused to pay their debts or to renew their orders while the Stamp Act continued in force. Moreover, the course of justice was suspended for want of stamped paper, so that their debts could not be recovered.

1765. The aspect of affairs in America, and the numerous petitions from thence to parliament, induced the house of commons to appoint a committee to inquire into the operation of the Stamp Act ; but before the committee had reported, Grenville was dismissed from office, July 1765, having proved too ambitious and too self-willed to suit the views of the advisers of the king, to whom, moreover, he had rendered himself obnoxious by his action in excluding the name of the princess dowager from the Regency Bill, and his harsh proceedings in ejecting Stuart Mackenzie, Bute's brother, from the post of privy seal for Scotland.

The king now had recourse to Pitt and Temple, but in consequence of the refusal of the latter to form part of an administration which would not include his brother, the negotiations resulted in failure. In this position of difficulty the duke of Cumberland entered into negotiations with the opposition, and eventually, under his mediation, an administration was formed, July 10, under the marquis of Rockingham.

Charles Wentworth, marquis of Rockingham, descended from a sister of the famous earl of Strafford and inheritor of his vast estates, was the leader of the whig party as lately reformed upon a basis resembling that of the liberals of the present day, a party of which the young duke of Portland, lord John Cavendish, the

duke of Richmond, and sir George Savile, a collateral descendant of the marquis of Halifax, to whose estates his father had succeeded, were conspicuous members. He took the post of first lord of the treasury, and was prime minister in an administration which included Augustus Henry Fitzroy, third duke of Grafton, and general Seymour Conway,¹ as secretaries of state, Conway leading in the house of commons; William Dowdeswell, a country gentleman, originally a tory, as chancellor of the exchequer; the veteran Newcastle, as privy seal; Charles Townshend,² as paymaster of the forces; and lord John Cavendish, as one of the commissioners of the treasury. Burke, it may be unnecessary to add, acted as private secretary to Rockingham.

The Bedford faction remained in opposition, with Pitt and the Grenvilles, and the tories, a name which, after having been in abeyance, had been revived in the latter years of George II., and was now applied with a modified meaning to 'Bute's men,' as they were sometimes termed, some of whom were old tories, or, indeed, generally to all the supporters of court influence, the 'king's men.'

The Rockingham administration, in their single 1766.
year of office, effected two important repeals of taxing Acts; the repeal of Dashwood's Act for the cider tax, which, in addition to its unpopularity, had in its yield disappointed the expectations of its author, and the repeal of Grenville's Stamp Act for America, notwith-

¹ General Seymour Conway was brother of the earl of Hertford and step-father of the duchess of Richmond.

² Grandson of Charles, viscount Townshend, Walpole's brother-in-law.

standing the determined opposition of the author of the Act and the Bedford party.

The probable yield of the stamp tax had been calculated at 60,000*l.*, or, according to some persons, 100,000*l.* a year. The actual yield for the six months the tax was in force was 4,000*l.*, which trickling into the English treasury by dribblets—3,000*l.* in 1767, and 1,000*l.* in 1768—proved insufficient to pay the expenses attending the execution of the Act, which amounted to 6,837*l.* Such was the result of what Burke termed the process of ‘shearing the wolf.’

Chesterfield prophesied that the Rockingham ministry could not last long without the assistance of Pitt: ‘Here is a new political arch built; but of materials of so different a nature, and without a keystone, that it does not, in my opinion, indicate either strength or duration. It will certainly require repairs and a keystone next winter, and the keystone will and must necessarily be mr. Pitt.’¹ Pitt’s popularity remained unchanged; and when the Stamp Act was repealed, the people generally attributed the repeal to the violent attack he made on the Act in a speech in which he urged that England had no right to impose internal taxes in America. Conway, indeed, as leader of the house of commons, was huzzahed on passing through the court of requests after the repeal; but ‘it went further for Pitt,’ whom the mob accompanied home with ‘Io Pitts!’ as Horace Walpole terms their acclamations.²

Without the support of Pitt, Rockingham proved

¹ Chesterfield to his son. Letter 354, July 15, 1765.

² Walpole, *Letters*, iv. 482.

unequal to the task of carrying on the government, and in July, when the king again sent for Pitt, he retired, with Dowdeswell, lord John Cavendish and others of his friends.

Pitt now, July 30, 1766, formed an administration without Temple, who still insisted on having the assistance of his brother, George Grenville, and utterly broke with him on learning his intention to provide for some of Bute's friends. 'You may strike up your sackbut, psaltery, and dulcimer,' writes Horace Walpole to George Montagu, 'for mr. Pitt comes in, and lord Temple does not. Can I send you a more welcome affirmative or negative?'¹

The Grenvilles, therefore, remained in opposition. In the administration, Pitt, merging his great name in the title of Chatham—'becoming certainly earl of Chatham and no longer mr. Pitt in any respect whatever'²—took the post of privy seal; Grafton became first lord of the treasury; Conway continued in office, with the lead in the Commons; William Petty, second earl of Shelburne, was appointed the other secretary of state, at the early age of 29; Charles Townshend was promoted to the post of chancellor of the exchequer; and lord North, the eldest son of the earl of Guilford, with a colleague, succeeded him in the office of paymaster. The Bedford party, who always acted together—'were only to be had in the lump,' it was said—asked too much of Chatham, and therefore were not included in the ministerial arrangements.

By this administration—the famous 'tessellated' 1767.

¹ Letters, v. 3.

² Chesterfield, Letters, No. 375.

pavement' administration of Burke—'composed of patriots and courtiers, king's friends and republicans, whigs and tories, treacherous friends and open enemies,'¹ in short, containing every element of confusion—business was carried on in the most careless and slovenly way, and occasionally, in the absence of Chatham in consequence of his frequent attacks of the gout, on principles directly contrary to his. In consequence of the neglect of the ministers to make arrangements for an attendance in the house of commons sufficient to secure a majority when the annual vote of the land tax came on for discussion in 1767, a preconcerted attack of Grenville, Dowdeswell, and the Rockingham party proved successful, and in lieu of a 4s. rate of land tax, only a 3s. rate was granted. This was the first important question lost by the crown since the fall of Walpole, if we except the project for an additional tax on sugar introduced by Pelham, which was defeated by the treachery of Carteret.

What was Charles Townshend to do in order to supply the loss of half a million involved in the reduction of the rate of the land tax from 4s. to 3s.? The 'darling of the House,' as Burke terms him, 'he never thought, did, or said anything but with a view to their desires, adapting himself to their disposition and adjusting himself before it as at a looking-glass.'² To impose a new tax in England would be of all measures the most unpopular, while it did not escape his notice

¹ Speech on American Taxation, Works, iii. 213. 'I am apt to think,' Chesterfield had written in June 1767, 'that it will be a *Mosaic ministry* made up of pièces rapportées from different countries.' Letter 376.

² Speech on Amer. Tax.; Works, iii. 216.

that a feeling had begun to prevail that the colonies had been let off easily in the matter of the Stamp Act. No new Stamp Act could be passed; but might not some additional revenue be derived from further customs duties similar to those imposed by Grenville in 1764, which had not met with any serious resistance? Accordingly, Townshend proposed to a willing House the imposition of additional port duties in the colonies in America. With this Revenue Act for America, we arrive at the fringe of the episode of the war of American Independence, which forms the subject of the next chapter.

The first prints of the Act had only just reached the colonies, when the brilliant Charles Townshend died, September 1767, of a putrid fever, at the early age of forty-four. The post of chancellor of the exchequer was now offered to North, who by excellent temper, unwearied industry, business habits, and general ability had acquired a position which entitled him to the offer. At first he declined, from distrust of his ability to meet George Grenville in disputes on financial questions, but ultimately was induced to accept the post.

Not long after this, the Bedford party, weary of their long exclusion from office, entered into negotiations with Grafton. They had objections to Conway, whom they considered not sufficiently powerful to lead in the Commons; while Conway, who never had any great desire for office, was anxious to return to his friends and party, the Rockinghams. An arrangement was eventually made which placed earl Gower, one of the Bedford party, in the presidency of the council, in

lieu of the earl of Northington, enabled Conway without loss of dignity to retire, and substituted for him, as secretary of state (Jan. 20, 1768), Thomas, viscount Weymouth,¹ another of the same party.

1758. Chatham, whose state of health continued to render him unfit for business, resigned office before the end of the year; and his resignation was soon followed by that of his friend and protégé Shelburne, between whom and the Bedford party no cordial agreement ever existed. The earl of Rochford, our ambassador at the French court, now became a secretary of state, taking lord Weymouth's, the northern province, for personal reasons.²

The Grafton administration survived the resignation of Chatham a year and two months. Grafton, never strongly attached to office, and ever, when difficulties arose, on the point of resignation, was completely upset when the post of lord chancellor in his administration, after the resignation of Camden and the unfortunate termination of Charles Yorke's ten days' tenure of office, literally 'went begging.'

1770. On the resignation of Grafton, in January, 1770, North, appointed by the king to his post of first lord of the treasury, and holding with it, according to the precedents of Stanhope, Walpole, Pelham, and Grenville, the post of chancellor of the exchequer, began his long administration, which lasted till 1782.

His position was, before long, secured by events which practically annihilated opposition. The opposition consisted mainly of the Wilkites, or city patriots,

¹ A son of earl Granville's daughter, and head of the Thynnes of Longleat.

² The old duke of Newcastle died in November 1763.

Chatham and the Grenvilles, and the Rockingham whigs. In June, the strength of the city 'patriots' was shaken, by the death of Beckford, to such a degree that it seemed as if he, and not Wilkes, had been the firebrand of politics, for the flame went out entirely after his death.¹ In the autumn, the link of connection between Chatham's party and the rest of the opposition was severed by the death of the marquis of Granby. In November, on the death of George Grenville, his party relaxed in their opposition, and the earl of Suffolk and several of the party turned their eyes towards the court. Early in 1771, Temple went into retirement, in consequence of a quarrel with his brother-in-law. And when, soon afterwards, Shelburne, on the loss of his wife,² left England for a time, Chatham, like Widdrington in 'Chevy Chase,' was left almost alone to fight it out upon his stumps.³ 1771.

In June, when Suffolk succeeded on the death of Halifax to his post of secretary of state,⁴ he left the post of privy seal he had held since January for the duke of Grafton, who joined the administration. Rockingham and his party, wearied by continual defeats, now gave up active opposition, and even Junius, despairing of the cause in which he had engaged, considered it would be insanity any longer to persist in a regular attack.

Thus the king's party were at length supreme, after a contest of ten years.

¹ Walpole, Letters, v. 252.

² A daughter of earl Granville.

³ Walpole, Letters, v. 279.

⁴ The earl of Halifax had succeeded, in January, the earl of Sandwich, who had succeeded Weymouth about a month previously. The duke of Bedford died, Jan. 14.

CHAPTER VII.

THE WAR OF AMERICAN INDEPENDENCE.

1775—1783.

PART I.

1. Repeal of Townshend's import duties in America, except the duty on tea. Destruction of the tea ships in Boston harbour in 1773. Revocation of the charter of Massachusetts. Commencement of the war in 1775. Declaration of American Independence in 1776. Cost of the war. First taxes for the war.

WHEN, in 1766, the Rockingham administration repealed Grenville's Stamp Act for America, they passed a declaratory Act, which asserted the right and authority of the parliament of Great Britain to make laws and statutes of sufficient force and validity to bind the colonies and people of America, subjects of the crown of Great Britain, in all cases whatsoever.¹ But this broad reservation or declaration of right did not affect the question of taxation from the point of view of the colonists, who continued to deny the existence of any right in parliament to impose internal taxes in the colonies; while the intimation of future taxation it seemed to convey, excited in their minds a determination to resist, if possible, any further impositions even in the nature of those duties, so termed as opposed to taxes, they hitherto would have allowed to

¹ 6 Geo. III. cc. 11 & 12.

pass as regulations of trade. Accordingly, though the articles charged by Townshend's Act of 1767 were principally articles of British manufacture imported from Great Britain into the colonies: glass of different sorts, red and white lead, painters' colours, paper of various sorts, pasteboard, millboard and scaleboard, and tea,¹ and the duties therefore such as the colonists had allowed, when imposed in 1764, to pass as regulations of trade, the answer to this demand for revenue now given by many of the colonies amounted in effect to a refusal to pay; for they prohibited the importation of any of the articles in question or any other articles of British manufacture.

The inconvenience and loss to our manufacturers from this prohibition was the main cause of the repeal of all the duties on manufactured articles imposed by Townshend's Act, which was effected from December 1, 1770.²

But the duty on tea, though, at only 3*d.* the lb., it would produce, after deducting the necessary expenses of collection, an insignificant amount of revenue, was retained for political purposes and in order to support the preamble to the Taxing Act, which recited that 'it was expedient to raise a revenue in his majesty's dominions in America' for the purposes stated in the Act. The question of the retention of the duty was carried in the cabinet by a single vote, the vote that decided the question being that of North, who originally had been an opponent of American taxation. He

¹ 7 Geo. III. c. 46. The expected yield was no more than 30,000*l.* a year.

² 10 Geo. III. c. 17.

acted, indeed, in accordance with the wishes of the king, but it is clear that he was also not a little influenced by symptoms of a relaxation of the prohibition of our manufactures in America, which produced an impression in his mind that the advantageous terms on which the colonists obtained their tea from us¹ would prevail to prevent any continued resistance on their part to this insignificant duty on an article in great demand, which, except through us, it was difficult for them to procure. He did not sufficiently take into consideration the old Puritan stock from which so many of the colonists had sprung, and the possibility that in the minds of the descendants of the Pilgrim Fathers there might exist a hatred of tyranny stronger than their desire for tea.

This figment of a tax, this peppercorn rent, lost us our colonies in America. In December, 1773, an organised party of men, in the disguise of Indians, boarded the tea ships in Boston harbour, threw the tea overboard, and sank the ships in the sea. These violent proceedings provoked the ministry, in vindication of the national honour, to close the port of Boston and revoke or alter the charter of Massachusetts. And the effective reply from America was the declaration of American Independence made in July, 1776.

The expenses of the war of American Independence, including those of the war with France and the war with Spain, so as to cover the period from 1775 to 1782, form the third step in the increase of our national

¹ A drawback of 12*d.* the lb., the whole duty, was allowed in England on all teas exported to America.

debt, and consequently the third step in the ascending scale of our revenue from taxation.

In 1775, the amount of the national debt of Great Britain was about 126 millions. The annual charge for interest, including management and life and terminable annuities, was about 4,600,000*l*.¹ The civil list and other expenses of the civil government were about 1,200,000*l*. The average military and naval expenditure from 1773–5 was about 3,810,000*l*. The revenue from taxes in 1775 was about 10,000,000*l*. This, no doubt, is a considerable increase on the six millions and three-quarters from the same source in 1755, before the Seven Years' War.² But the nation was well able to bear the weight. Agriculture was improving day by day. The woollen manufacture continued to flourish. New sources of industry were opening out, and we had commenced that course of mining and manufacturing activity which, with the aid of machinery, was to result in placing the nation first in the production of many of the most useful articles in the world. The national beverage was, no doubt, heavily taxed, but with regard to the revenue in the whole, Burke only a few years before this, in 1767, having before him the state of the revenues of many of the principal nations on the continent, had stated that, on comparing them with ours, he was fairly warranted to assert that England was the most lightly taxed of any of the great states of Europe, that, if called upon, he would prove it beyond possibility of dispute, and

¹ Return Pub. Inc. and Expend., Part II., Appendix No. 12.

² Ante, p. 130.

that we had the best constituted and the best managed revenue that ever the world beheld.¹ The cost of the war was 97,000,000*l*.² At the close of the war the national debt had increased to about 230,000,000*l*.

1776. North's first taxes for the war consisted in an increase in the land tax, the tax on carriages, the stamp duties and the tax on newspapers, with some minor additions to other taxes.

The rate of the land tax was raised from 3*s*. to 4*s*., the maximum rate, to produce an additional half-million of revenue. Pelham's tax on private carriages, raised by an additional 1*l*. for four-wheeled carriages, was extended to stage carriages, vehicles which, in consequence of the improvement in our roads, had changed in form from the 'machines' of former times to more nearly resemble private carriages, and were used by a richer class of travellers than theretofore. Legge's additional 1*s*. stamp on all 'deeds,' imposed in 1757, in the Seven Years' War, had proved so productive of revenue, that North was induced to repeat the process, and raised the amount of duty on every 'deed' from 2*s*. 6*d*. to 3*s*. 6*d*. And as the business of newspapers ever thrives in time of war, and newspapers were regarded by North, as they were subsequently by Pitt, as fairly taxable luxuries, he also copied Legge in imposing an additional $\frac{1}{2}$ *d*. upon newspapers, half sheets and whole sheets.

These additions, and an increase in the minor tax on cards and dice, were calculated to produce 730,000*l*.

¹ Observations on a Late Publication. Works, iii. 47.

² From 1776 to 1785—war expenditure continued to 1786—97,500,400*l*.

PART II.

Origin of the taxes suggested by North after 1776. Publication of Adam Smith's 'Wealth of Nations.' Imposition of the tax in respect of men-servants in 1777. The tax on property sold at auctions. Second additional duty on 'deeds.' The tax on inhabited houses imposed in 1778. Increase in the wine duties. New tax on travelling by post. General rise in the excise and customs in 1779. Additional duties on malt, spirits, wine, and salt in 1780. Annual license for sellers of tea. New tax on receipts for legacies. In 1781, 5 per cent. on the excise. Additional duties on tobacco and sugar. Burke's review of the taxes imposed by North. New taxes for 1782. On fire insurance, bills of exchange, and notes. Other taxes. Additional duties on tobacco. Second addition to the duty on salt. Increase in the soap tax. 5 per cent. on the excise and customs duties. North resigns, March 1782. Rockingham's second administration. His death. The Shelburne administration. Its fall. The Coalition. Additional taxes for 1783. Augmentation of the stamp duties. The duty on bills and notes doubled. New tax on receipts. Malt duty compositions abolished. New taxes on quack medicines and waggons and carts. Fox's India Bill. North and Fox resign. Pitt prime minister.

THE second year of the war of American Independence forms a date of peculiar interest in the history of taxation in this country. Our chancellors of the exchequer had for years been at their wits' ends for new and productive taxes, and even the long experience of Grenville could find no answer to the 'Gentle Shepherd, tell me where' of Pitt. The land tax stood already at 4s., the acknowledged maximum rate. The recent disturbances due to the cider tax proved the aversion of the people to the multiplication or increase of excises. Heavy duties were already imposed upon

many of the most important articles of consumption—beer, wine, tea, sugar, salt, and tobacco—it is needless to run down the whole list. Almost all our most important manufactures were already taxed. Despair of obtaining additional revenue at home had driven us to the unfortunate attempt to obtain revenue from our colonies in America. How, under these circumstances, was North, whose well-known abilities were not of the inventive order, and whose acquaintance with the subject of taxation was not more intimate than that of his predecessors in office, able to find the taxes necessary for the purposes of this long and costly war?

An answer may be supplied by reference to the title-page of the first edition of Adam Smith's work on 'the causes of the increase in the wealth of nations,' subsequently famous throughout the world as 'THE WEALTH OF NATIONS.' In this work, first published in 1776, Adam Smith passed under review a great variety of taxes imposed in different countries at different times, and more particularly the taxes of Holland, a country which has been termed '*la terre classique de la fiscalité*.'¹ With regard to Great Britain, he expressed an opinion that the revenue might be considerably augmented without increasing the burden of the greater part of the people, simply by a distribution of the weight of taxation so as to effect a more equal pressure upon the whole; and he pointed out that this might be done by means of a more equal land tax; a more equal tax on inhabited houses, calculated by reference to the rent or annual value of the house; and

¹ De Parieu, *Traité des Impôts*.

certain alterations in the existing system of customs and excise.

As regards the customs. Foreign trade should be encouraged by a revision of the tariff. The necessities of life—foreign corn, live cattle and salt provisions, and the raw materials for manufactures, should be admitted free, which would reduce their price in the home market, and consequently the price of labour, but without reducing in any respect its real recompense. The duties on all foreign manufactures should be moderate, in lieu of the existing duties at rates practically prohibitory, which had been imposed for the purpose of securing monopolies. And the tariff might, with advantage to trade, and, in the opinion of many, without any diminution of revenue, be limited to a few articles of most general use and consumption, such as: wine and brandies; the productions of America and the West Indies—sugar, rum, tobacco, and cocoanuts; some productions of the East Indies and the East—tea, coffee, chinaware, spiceries of all kinds, and several sorts of piece goods. A system of administration similar to that of the excise, so far as the different duties would admit, would, in his opinion, have the effect of increasing the difficulty of smuggling; and a warehouse system might be introduced similar to the private warehouses and crown warehouses then in existence for rum, more particularly were the tariff limited to only a few sorts of commodities.

As regards the excise. The duties on the four great commodities he ranked as necessities of life, viz., salt, leather, a necessary for shoes in this country, soap, and

candles, should, if it were necessary to retain such taxes, be considerably reduced ; and also the duties on coal. The great unfairness in the taxation of beer should be removed ; and in lieu of the different taxes to which, directly and indirectly, the national beverage was subject, he advocated an increase in the malt duty, to 18s. the quarter.

Stamp duties were not a favourite kind of tax with Adam Smith, who was strongly in favour of proportion in taxation. He noticed that in Holland, where taxes on property transferred were proportioned to the value of the property, even as thus imposed, they were unequal, in consequence of the difference in the frequency of the transfer of different properties ; while as imposed in England, viz., when not proportioned to value, they were still more unequal.

1777.

Such were, briefly stated, the principal amendments in our fiscal system advocated by Adam Smith, and to this work North had recourse for suggestions in taxation in 1777, when he was compelled to find an additional revenue of nearly a quarter of a million.

In imitation of a Dutch tax to which Adam Smith had directed attention, he introduced a tax on establishments consisting of MEN-SERVANTS, which would touch only the more opulent class in respect of subjects acknowledged to bear a direct relation to the luxuries of life. The tax was annual, and the amount to be paid depended on the number of the servants kept. Resembling in character Pelham's tax on persons keeping carriages, it now ranged as the second in the list of taxes on establishments. For the other tax of the

kind, Lyttelton's tax on the possession of silver plate, having proved 'very vexatious and troublesome in the levy and collection,' and of small advantage to the public, having produced only about 18,000*l.* per annum, in lieu of the expected 30,000*l.*, was repealed as a failure.¹

Another new tax of the year, on PROPERTY SOLD BY AUCTION, was professedly copied from a Dutch original to which Adam Smith had directed attention. The rates were, for land and houses, 3*d.* in the pound on the value; and for furniture, fixtures, plate, jewels, goods and chattels, 6*d.*,² the estimated produce being 37,000*l.* per annum.

A second addition to the duty on deeds, of 1*s.* 6*d.*, made, with the 1*s.* imposed in 1776, 2*s.* 6*d.* additional for this war, and raised the duty to 5*s.*

Lastly, from an alteration of the duties on glass 45,000*l.* was expected.

In 1778 additional taxes were imposed, to produce 1778. 336,000*l.*

The most important fulfilled the desire of Adam Smith for a more equal house tax, and was imposed in respect of INHABITED HOUSES, as had been suggested in 'The Wealth of Nations,' not by reference to the hearths or the windows in the house, but upon the only true basis for such a tax, that of a rate. This tax, charged upon the householder by reference to the annual value of the house,³ repealed in 1834, but subsequently revived

¹ 17 Geo. III. c. 39.

² 17 Geo. III. c. 50.

³ If the annual value of the house was 5*l.* and was under 50*l.* per annum, 6*d.*, and for all houses above that value, 1*s.* in the pound. 18 Geo. III. c. 26.

in 1851, continues in force at the present day. The new tax was to produce 264,000*l.* per annum.

The window tax should, it will be expected, have been repealed. But the war prevented this, and the two taxes continued to be assessed and levied together for the next fifty-six years.

It was hoped that the remainder of the revenue required would be obtained from the wine cask. In the war of the Austrian Succession, Pelham had imposed additional duties on wine, of 8*l.* the tun on French, and 4*l.* the tun on other wine. Another addition of the same amount had been made in 1763, by Dashwood.¹ North now followed suit and imposed a third additional tax of the same amount.

1779.

The new tax imposed by North in the fourth year of the war, 1779, was certainly not copied from any in the list of Holland, a country where the luxury of posting—‘*quadrigris petimus bene vivere*’—never formed a prominent feature of existence. It was, in effect, an extension of the principle of taxing travelling introduced by him for stage carriages, in the first year of the war. Travelling by post was then the usual method of locomotion among the higher classes, and the tax now imposed upon POSTING was calculated to produce 164,000*l.*

But this tax and, indeed, almost all the taxes imposed since the commencement of the war—the increased rate of land tax, the stamp duties, and the taxes on men-servants, auctions, and wine, all these, as restricted in their incidence to the richer classes, fall-

¹ Ante, pp. 117, 140.

ing on a limited number of persons, were inadequate to produce the large sums required for the war. Compelled to have recourse to some productive source of revenue, North now proposed a *general rise in the customs and excise duties*, viz., 5 per cent. on the customs duties generally, and 5 per cent. on the excise duties, except those on beer, soap, candles and leather, and except the malt duty, which he increased by an additional 15 per cent.¹ From this general rise in the customs and excise he expected an additional 314,500*l.* of revenue, which, added to the expected produce of the tax on posting, would give a total income of 478,500*l.*

The impost
of 1779.

Considerable as had been the additions to our taxes made in the first four years of the war, they were surpassed by those of the next three years, 1780–2, to 1780. produce over 710,000*l.*, 704,000*l.*, and 769,000*l.*

Those for 1780 fell more particularly upon alcoholic drinks—beer, spirits and wine, and salt.

In further taxing beer, regard was paid to the objections to the existing tax, to which, in ‘The Wealth of Nations,’ Adam Smith had particularly directed attention, that is to say, the unfairness of a tax that touched only beer brewed for sale. With a view to tax private brewing, additional duties, to produce 310,000*l.*, were imposed upon malt, the material used in brewing, accompanied with a provision for an allowance to the brewers for sale, so that the pot of beer might, as North put it, ‘reach the lip of the consumer untaxed.’ An increase in the taxes on imported and home-made spirits was calcu-

¹ 19 Geo. III. c. 25.

lated to produce about 160,000*l.* of additional revenue. Wine was already heavily taxed, more particularly, by means of the original duties of 12*l.* on French, and 8*l.* on other wines, and the three additions, of 8*l.* on French, and 4*l.* on other wines, made in the war of the Austrian Succession, in 1763, and in the year before the last. But North had discovered that, on the occasion of the last increase, the merchants and retailers had raised the price by about four times the amount of the additional duty! A further addition would not, as he was informed and believed, operate to limit the consumption, while it could have no effect in increasing adulteration, which had already reached the utmost point possible. He therefore imposed a fourth additional 8*l.* upon French, and 4*l.* upon other wines, estimating the produce at 72,000*l.* The addition expected from beer, spirits, and wine would be 542,000*l.*

From an additional 1½*d.* the gallon, or 10*d.* the bushel on salt, 69,000*l.* was to be derived.¹

A new duty on the exportation of coals would produce 12,900*l.*, and an additional 5 per cent., imposed in respect of all the taxes of the year, and some minor taxes, about 68,000*l.*

In this year a step was taken in extension of the licensing system. Some revenue had for many years been derived from annual taxes on the business of hawkers, hackney coachmen, publicans, and dealers in gold and silver plate. A new license was now introduced, costing 5*s.*, which all sellers of tea, coffee, and

¹ See as to malt and spirits, 20 Geo. III. c. 35; wine, c. 39; salt, c. 34.

chocolate were required to take out annually. It was estimated to produce about 9,000*l.* a year.¹

North, and those who worked for him, still employed in searching for suggestions for new taxes in that mine of information, 'The Wealth of Nations,' had now under consideration the imposition of a tax on the succession to property, to resemble the Dutch tax on collateral successions mentioned by Adam Smith, itself a copy of the 'vicesima hereditatum et legatorum' of Augustus. Unable as yet to mature a plan for such a tax in extenso, he was content to introduce the thin end of the wedge; and, adopting the principle, imposed a stamp duty upon every receipt which should be given for any legacy or share of personal property in consequence of a death. This was to produce 21,000*l.*, and was supplemented by an addition to the tax on probates and administrations.

The additional revenue for 1781 was derived from 1781.
another *additional 5 per cent. on the excise duties* generally, with exceptions in favour of the taxes falling on beer, which had been further taxed in the preceding year, and those on the three articles of general consumption, soap, candles, and leather. The addition would produce 150,000*l.* per annum.

In the customs, reductions to be made in the discounts allowed would add another 167,000*l.*; an additional 1¾*d.* the pound on tobacco, raising the duty to 10½*d.*, would produce 61,000*l.*; and an additional 4*s.* 8*d.* the cwt. on sugar, no less than 326,000*l.* of revenue.²

¹ 20 Geo. III. c. 35.

² See as to discounts, tobacco and sugar, 21 Geo. III. c. 16; excise duties, c. 17.

1782. On March 6, 1782, when North asked the House to permit him to postpone the discussion on taxation, Burke passed under review the taxes already imposed in the war. 'The blessed fruits of the noble lord's administration were,' he said, 'an additional load of ten new taxes,' and, among others, he specified beer, wine, houses, coaches, post-chaises, post-horses, stamps, and servants; and when a friend hinted that he had forgotten sugar, he added that, 'having lost St. Kitts, as in all human probability we should Barbadoes and Jamaica, it was not extraordinary he had forgotten that valuable article, as we should soon have no sugar to tax. He did not wonder that the noble lord was at a loss about new taxes. We were already taxed if we rode or if we walked; if we kept at home or went abroad; if we were masters or if we were servants; if we drank wine or if we drank beer; and, in short, we were taxed in every way possible.'

But North, though in difficulties regarding new taxes, had not yet exhausted his list. The new taxes he proposed for 1782 were to fall upon PROPERTY INSURED FROM LOSS BY FIRE, to yield 100,000*l.* per annum; BILLS OF EXCHANGE AND PROMISSORY NOTES, instruments of commerce which had hitherto been excepted from the operation of the stamp tax, to yield 50,000*l.*; the carriage of goods by coach or carrier, river navigation or coastwise—land carriage, to produce 60,000*l.*, and water carriage, &c., 210,000*l.*; and licenses for places of public entertainment, to produce 30,000*l.* While a LICENSE FOR DEALERS IN TEA, with an addition to the duties on the retail licenses, would

produce 48,750*l.* Such were the new taxes. In addition to these, there was to be an increase in the duty on beer of a certain sort, to produce about 42,000*l.*; an increase of 4*d.* the lb. in the duty on tobacco, to produce 141,330*l.*; an additional 1½*d.* the gallon on home-made rock salt, raising the duty to 7½*d.* the gallon, that is, 5*s.* the bushel, to produce 60,000*l.*; a new duty on medicinal salts, which hitherto had not been taxed, viz., Glauber or Epsom salts, and mineral alkali, or flux for glass. And lastly, the duty on soap, which had not been increased since the imposition of the tax in 1713, was raised ¾*d.* the pound for hard, and ¼*d.* the pound for soft soap; this would produce an additional 104,500*l.* per annum.

The taxes proposed were carried into effect, except the proposals for taxes on the carriage of goods and on playhouses. And, in the event, *another additional 5 per cent. was granted on the excise and customs duties generally*, except beer and malt, soap, tallow candles, and leather.¹ To the tax on property insured from fire risk, Fox had raised strong objections; to which North returned the answer that objections to proposed taxes should be accompanied with counter suggestions of some other means of meeting the requirements of the state. While the addition to the tax on soap gave rise to considerable clamour outside the house of commons, and caused the minister to be caricatured as ‘Old Soapsuds.’

The impost
of 1782.

Having proposed these taxes, North added that he had yet in reserve a proposal to tax receipts and dis

¹ See as to fire insurance, 22 George III. c. 48; bills and notes, c. 33; tobacco, c. 28; salt, c. 39 beer and soap, c. 68, and excise and customs generally, c. 66.

charges for money, which he regarded with favour, but did not introduce on account of objections to the proposal raised in other quarters ; and lastly, a scheme, the nature of which he did not mention, to produce no less than an additional 800,000*l.* of revenue, which he considered perfectly practicable.

The additional taxes were proposed on opening the second part of the Budget, March 11.

Meanwhile, public opinion regarding the war had undergone a change. The original popularity of the war had waned, as disaster had succeeded disaster ; and, as the difficulties of enforcing our views on the colonists evidently increased, a feeling began to spread that great concessions should be made to America. This change in public opinion was reflected in the house of commons ; but the king continued obdurate, and endeavoured to weaken the opposition by attempts to remove its most powerful members to the ministry. Failing in this course, he was at last compelled to yield to the parliamentary majority ; and North, who had long been willing to resign, and only retained his post in deference to the wishes of the king, anticipating, by a clever stroke, a motion of lord Surrey, for the removal of the ministers, announced his resignation, and went off from the House, on a bitterly cold day, March 20—‘ snow was falling, and the night was tremendous ’—in his coach, which was ready for him, taking with him a friend or two, and chuckling at the members whose coaches were not ordered : ‘ I have my carriage. You see, gentlemen, the advantage of being in the secret. Good night.’¹

¹ Russell, *Mem. of C. J. Fox*, i. 296.

The king now sent for Shelburne, whose chief political connection had been with Chatham, and requested him to form a government. But Shelburne advised the king to have recourse to Rockingham, as leader of the principal section of the whigs and chief of the party to which he belonged. An administration was now formed under Rockingham, partly of whigs and partly of those termed the king's men. Shelburne took the home department, and Charles James Fox, who since the severance of his connection with North in 1774, had been in opposition, and eventually, in 1779, had joined the Rockinghams, took the foreign department, according to the new division of the office of secretary of state, which was this: the HOME OFFICE, formed out of the old southern department, retained the Irish and colonial business; the FOREIGN OFFICE, formed out of the old northern department, comprised, in addition, the correspondence with the western states of Europe, previously under the charge of the southern secretary.¹ And lord John Cavendish took the seals of the chancellor of the exchequer.

Rockingham's health had for some time been on the decline, and when he died in July, the king announced his intention to promote Shelburne. But this did not suit the views of Fox and the whigs, who desired the promotion of the duke of Portland, the acknowledged chief of the party, in succession to Rockingham. Moreover, Fox had reason, as he thought, to suspect the sincerity of Shelburne, who, by under-

¹ The home secretary, as the successor of the Southern secretary, retained the seniority in rank. The third or American secretary was now abolished.

hand dealings through mr. Oswald, had impeded the progress of his negotiations for peace at Paris. He therefore resigned office, and lord John Cavendish with him. Portland followed, and Burke, Sheridan, and the rest of the Rockingham party, except the duke of Richmond,¹ Conway, and lord Keppel. Thus was effected the great schism which divided the whig party into Lansdownians² and Foxites.

In the administration of his father's friend, young William Pitt, now twenty-three years of age—he was born in the great year of victories which rendered his father famous—held the post of chancellor of the exchequer. But the administration was not long-lived. Shelburne had entered upon office without previously ascertaining what support he could rely on, or might have a reasonable prospect of receiving. 1783. A coalition was formed between Fox and North, who acted from a feeling of resentment at his proscription by Pitt and Shelburne; and eventually the cabinet resigned in February 1783, in consequence of a vote of censure passed in the house of commons, on the motion of lord John Cavendish, regarding the preliminaries of peace.

A long 'interministerium' followed before the formation, in April, of the famous coalition ministry of North and Fox, under the leadership of Portland. Pitt, though requested to retain his post, refused to serve with North, and remained with his party in oppo-

¹ The duke of Richmond considered himself to have the first claim to the post of prime minister, but was rejected by his friends on account of his extreme opinions on parliamentary reform. *Lewis's Administrations*, p. 29; *Russell, Mem. of C. J. Fox*, i. 445.

² Lord Shelburne was created marquis of Lansdowne in 1784.

sition, and lord John Cavendish again became chancellor of the exchequer.

The additional taxes imposed, in 1783, by the Coalition consisted in—A general augmentation of the stamp duties, including a rise in the duties for most of the instruments previously taxed, and an extension of the list by the introduction of several new heads of charge. North's tax on bills of exchange and promissory notes was increased by doubling the duties, to produce an additional 100,000*l.* The tax on receipts North had mentioned as having been suggested to, and, in principle, approved by him, was carried into effect; and a duty was imposed upon every receipt for money amounting to 2*l.* or more, to produce 250,000*l.* A tax was imposed upon the registry of burials, marriages, and births. The tax on the proprietors of stage coaches was doubled, by an addition of $\frac{1}{2}$ *d.* for every mile travelled, to produce 25,000*l.*; and a tax was imposed upon quack medicines, which, subsequently changed into the tax on proprietary, or, as they are termed, 'patent' medicines, exists at the present day.

A small duty on waggons and carts had in view the prevention of smuggling more than any increase in the revenue, and was, to a certain extent, a registration tax.¹

Lastly, the power of the excise commissioners to compound with private persons for the malt made on their premises, not for sale, but for their own use, was repealed.²

¹ See as to stamps, 23 Geo. III. c. 58; bills and notes and receipts, c. 49; medicines, c. 62; stage carriages, c. 63; waggons and carts, c. 66; and burials, marriages, and births, c. 67. ² 23 Geo. III. c. 64.

The Coalition did not last out the year; and the prints still to be seen in shop windows in London of the famous caricature of Sayer,¹ of 'Carlo Khan's triumphal entry into Leadenhall Street,' which Fox acknowledged to have had an important bearing on the question, serve to remind us of that famous India Bill, which, draughted by Burke and introduced by Fox, passed the Commons, but was rejected by the Lords, December 17, and proved the cause of the resignation by North and Fox of their offices as secretaries of state, and the downfall of the ministry.

There was considerable difficulty in forming a new administration. All who had held office under the late government were unavoidably excluded; so were Shelburne and his immediate friends. Pitt undertook the difficult task, and formed, December 23, an administration in which he held, according to precedent, the post of chancellor of the exchequer as well as that of first lord of the treasury, his colleagues being principally well-known members of the party termed the king's friends, or young aspirants to office willing to tread in their steps. Pitt was the only member of the cabinet not in the Lords. The marquis of Carmarthen became secretary of state for the home department, and earl Temple, succeeded after four days by lord Sydney, secretary for the foreign department. William Wyndham Grenville, Pitt's cousin, subsequently so well known as lord Grenville, assisted him in the Commons, and held the post of one of the joint

¹ Sayer was courting the favour of William Pitt, from whom he obtained subsequently the offices of marshal of the court of exchequer, receiver of the sixpenny duties, and cursitor of the exchequer.

paymasters of the forces ; and Henry Dundas, subsequently lord Melville, was treasurer of the navy.

Unable to transact business with the existing house of commons, Pitt resolved to appeal to the country, and parliament was dissolved by the king, without an Appropriation Act, March 24, 1784. In the elections, the popular aversion to the coalition of Fox and North, and the hatred of the India Bill, proved the cause of the loss of their seats to over 150 of 'Fox's martyrs,' as they were termed ; and Pitt, having a considerable majority in the Commons, was enabled to commence with confidence, in the parliament that met in May, the reforms he had in view.

1784.

CHAPTER VIII.

THE TIMES OF WILLIAM PITT—BEFORE THE GREAT WAR.

1784—1792.

Pitt's first fiscal measures. Commutation of part of the duty on tea for an additional tax on houses. The Budget of 1784. New taxes on saddle and carriage horses, sportsmen, trade licenses, bricks, and hats. Additions for candles, paper, and printed calico. Failure of a proposal to tax coal at the pit and growers of hops. New tax on the manufacture of plate. New tax on race-horses. List of the new taxes of 1784. Improvement in the administration of the taxes on houses and establishments in 1785. New tax on women-servants. New tax on shops. New taxes on pawnbrokers and coachmakers, and on attorneys. New taxes on perfumery and hair powder. The Eden treaty with France. Repeal of the shop tax in 1789. Increase in the tax on newspapers. Pitt passes Walpole's excise scheme for tobacco. Prosperity of the country in 1790. The Nootka Sound armament. The Budget of 1792. Repeal of the taxes on women servants, and carts and waggons. Reductions for small houses and for candles.

THE fiscal career of Pitt divides itself into two parts, of which the first belongs to the history of taxation before the war with revolutionary France.

A disciple of Adam Smith, and assisted at the treasury by George Rose, the secretary, who had gained considerable experience in that position under North, many of his earlier proposals for taxes and the improvement of our fiscal system were derived from suggestions made or opinions expressed in the 'Wealth of Nations,' while others were revivals of projects pigeon-

holed at the treasury, or in continuation of measures already in progress.

The first of the many considerable alterations in our system of taxation he was able to effect in his first year of office, was a reduction of the duty on tea, an article of general consumption, which, in consequence of the excessive rates to which the duties had been raised, formed the subject of an extensive system of smuggling. The reduction effected by Pelham, in 1745, had resulted in the almost total abolition of an extensive system of contraband trade. But, unfortunately, his policy had subsequently been reversed by his successors in office, and the duty had again been raised so high as to cause smuggling to be universal. Reverting to the policy of Pelham, Pitt reduced the existing rate of 119 per cent. to $12\frac{1}{2}$ per cent. on the value of the tea; and, in anticipation of a loss to the revenue from so great a reduction, imposed, in compensation, additional duties on the windows in houses. This alteration was made by an Act which did not pass through the House without encountering considerable opposition during several nights of debate, and which was famous, at the time, as *THE COMMUTATION ACT*.¹

The Budget included a number of suggestions for new taxes. In the first place, another tax was to be imposed by relation to the establishment kept by the taxpayer. The existing taxes of this description were: that in respect of men-servants, introduced by North, in 1777, from a Dutch original, and Pelham's tax for carriages, which was, in effect, a revival of one of the heads

¹ 24 Geo. III. c. 38.

of charge in an old poll-tax Act. Pitt's tax was copied from a head of charge in the last poll-tax Act, having reference to horses kept for the militia, but was imposed in respect of HORSES kept for the saddle or for driving in carriages.

Secondly, a tax on certificates of QUALIFICATION FOR SPORTING. This tax belonged to a class of taxes recommended by writers on taxation who advocated the application of an universal system of licenses as the best fiscal system, under which a license was to be required for almost every act in life—for drinking tea, for drinking beer, for riding a horse, &c., &c. At this date, the privilege of sporting was limited to persons possessed of land to a certain amount or holding a certain rank or position, and therefore the new tax touched only persons of property. The amount of annual duty originally proposed was a guinea.

The system of TRADE LICENSES already applied to hawkers, hackney coachmen, dealers in gold and silver plate, dealers in and retailers of tea, and sellers of spirits, wine, and beer, was further extended, and applied to all persons carrying on any trade or business subject to the excise, a list which included a large proportion of the principal manufactures of the kingdom. Originally Pitt's intention appears to have been to tax the traders on the *ad valorem* principle, not generally, perhaps, but still to a considerable extent; for he mentioned, in his speech on the Budget, the taxation of a great many intermediate dealers in goods, according to the extent and profit of their businesses.¹

¹ Parl. Deb., xiv. p. 102. See as to horses, 24 Geo. III. c. 81; sporting qualifications, c. 43; trade licenses, c. 41.

But in the result, the only licenses charged with duties varying according to the quantity of the articles produced for sale, were those of the brewers and maltsters. The other licenses were charged at fixed amounts.

Lyttelton's project for a tax on BRICKS was revived, and, though rejected in 1756 for excellent reasons, which still existed, now passed into law; and a new tax was imposed upon HATS. Additions were made to the tax on candles, which had been spared all through North's fiscal career, and to the taxes on paper, and printed linen and calico.

Lastly, the petty customs on aliens' goods, the duty of 1 per cent. termed the Mediterranean duty, and all other duties on aliens' goods, were repealed as now an unnecessary burden on commerce.¹

Two taxes in the budget Pitt was compelled to abandon: a tax on coals at the pit; and a license duty for growers of hops. In lieu of these, he increased the payment required for the postage of letters; raised the duty for qualifications for sporting from one guinea to two guineas, adding a supplementary tax of 10s. for certificates for gamekeepers; and, notwithstanding the existence of the license duty on the sellers of gold and silver plate, in commutation of Sunderland's tax on silver plate, imposed another tax on the manufacture of plate, of silver as well as of gold. For the purposes of this tax, all plate was required to be marked, when assayed at the Assay Office, with the mark of the sovereign's head, in order to denote payment of the duty on

¹ See as to candles, 24 Geo. III. c. 11; paper, c. 18; printed cottons, c. 40; bricks, c. 84; hats, c. 51; customs, c. 16.

the article assayed. A new tax was also imposed upon all horses running in any race.¹

A list of suggestions for new taxes, drawn up for Pitt in this year by sir Richard Hill, proves that, whatever might be the fertility of his own mind in the invention of new taxes, there were not wanting those who endeavoured to assist him by proposals of a very comprehensive character. Sir Richard had very strong objections, in common with many other members of parliament, to the proposed tax on bricks; and as, at this date, it was considered a settling reply to objection that it was unaccompanied by any counter-suggestions, he justified his opposition by producing a list of taxes he proposed as substitutes for the tax on bricks. The list comprised:—A double Sunday toll at all turnpikes; a tax per gross on corks; taxes on powder, guns, and pistols; on pins, needles, black pins, and fans; on prints; on printed music, message cards, visiting tickets, and wafers; and on all places of public diversion, including playhouses, operas, masquerades, Ranelagh, Vauxhall, Sadler's Wells, Astley's, Hughes', cum multis aliis, the duty to be collected by means of check tickets; taxes on clocks and watches; on all places for horse races; on ropes, twine, and pack-thread, and an addition to the duties on magazines and newspapers²

The following lines on the new taxes of 1784, written at the time, may assist the memory in recalling the particulars of the Budget of that year:—

¹ See as to plate, 24 Geo. III. c. 53; racehorses, c. 31.

² Parl. Hist., xxiv., p. 1283.

Should foreigners, staring at English taxation,
 Ask why we still reckon ourselves a free nation,
 We'll tell them we pay for the light of the sun ;
 For a horse with a saddle, to trot or to run ;
 For writing our names ; for the flash of a gun ;
 For the flame of a candle to cheer the dark night ;
 For the hole in the house, if it let in the light ;
 For births, weddings, and deaths ; for our selling and buying—
 Though some think 'tis hard to pay threepence for dying ;
 And some poor folks cry out, These are Pharaoh-like tricks,
 To take such unmerciful tale of our bricks.
 How great in financing our statesmen have been,
 From our ribbons, our shoes, and our hats may be seen.
 On this side and that, in the air, on the ground,
 By Act upon Act now so firmly we're bound,
 One would think there's not room one new impost to put,
 From the crown of the head to the sole of the foot ;
 Like Job, thus John Bull his condition deplores,
 Very patient, indeed, and all covered with sores.

Some of the additions to our taxes made by Pitt in this first Budget were subsequently allowed to be failures. But an unquestioned improvement in our 1785. fiscal administration was effected by him in the next year, 1785, when he reformed the administration of the taxes relating to establishments. Nothing could be more defective and inconvenient than the existing arrangements. The tax on carriages, and the small tax on waggons, wains and carts, imposed by the Coalition, were under the management of the commissioners of excise ; and so was the tax on male-servants, which, originally under the management of the commissioners of taxes, had been transferred in 1781 to the excise, 'for better management.' The new taxes on saddle and carriage horses and racehorses were under the management of the commissioners of stamps, and were therefore 'stamp' taxes, or, as they were termed with others

equally misplaced in the stamps list, 'unstamped duties of stamps.' The returns hitherto made of carriages and horses had been notoriously incorrect and insufficient. A third board, the 'commissioners for the affairs of taxes,' had the care and management of the two house taxes, viz., the window tax and North's tax on inhabited houses, and it was clear that their officers must have an acquaintance with the circumstances of the taxpayer calculated to secure a better supervision of the taxes on his domestic establishment than could be expected from the officers of excise or the distributors of stamps. With a view to prevent the continuance of fraud and malpractices, and more effectually to secure the collection of the duties, Pitt placed all the before-mentioned taxes under the management of the board for taxes,¹ in a group, comprising the taxes on houses, carriages, men-servants, saddle and carriage horses, and racehorses. This group was subsequently known as 'THE ASSESSED TAXES.'

He added to the group a new tax, on WOMEN-SERVANTS, professedly copied from a Dutch original, which gave rise to a good deal of amusing comment within and outside the House, and more particularly to many jokes of a free description in the 'Rolliad.' For as, by his own party, Pitt was extolled as an exception to that rule of intemperance which governed the conduct of so many of the youth of the day; so, on the other hand, no opportunity was neglected for a joke at the expense of the young man of whom it was said,

Nulla Venus nullique animum flexere hymenaei.

¹ 25 Geo. III., c. 47.

The tax touched the shopkeepers, whom Pitt was anxious to include as contributories to taxation, considering that they had not hitherto borne any adequate part of the burden.

In this view also he revived the project for a tax on shops, and imposed a duty upon all SHOPS, after the plan of the tax on inhabited houses, that is to say, according to the rent paid by the shopkeeper for the shop. Annual trade licenses were required—for the business of pawnbrokers in Great Britain, costing 10*l.* in the metropolis, and 5*l.* elsewhere ; for coachmakers, with a tax of 20*s.* for every four-wheeled and 10*s.* for every two-wheeled carriage made by them ; and for sellers of gloves and mittens, with a tax on the articles sold by them. Licenses were also required for attorneys, with a higher rate of duty for those in the metropolis than for those practising in the provinces.¹

Lastly, in 1786, a license was required for dealers in perfumery, with a tax on all perfumes, tooth-powder, pomatum, and hair powder sold by them.²

The famous *commercial treaty* of 1786 with France, which on this side of the Channel we term Pitt's treaty, but which our friends on the other side, by whom even now the name of Pitt is not considered auspicious, term the Eden treaty,³ from the name of the negotiator, put an end, for a time, to that war of the tariffs between this country and France

¹ See as to servants, 25 Geo. III., c. 43 ; shops, c. 30 ; pawnbrokers, c. 48 ; coachmakers, c. 49 ; gloves and mittens, c. 55 ; attorneys, c. 80.

² 23 Geo. III. c. 49.

³ The negotiator on the side of France was M. de Rayneval. Rougier, *Liberté Commerciale*, p. 194.

which had now continued for more than a century, to the great prejudice of the interests of both nations. The protection to the native manufacturer against foreign rivals, which it was the object of a high tariff to secure, was no longer required for our manufacturers, who now stood in a very different position from that in which they stood at the date of the treaty of Utrecht, when the famous 8th and 9th clauses, supported by Bolingbroke, had been rejected by the House in consequence of the opposition of the protected traders and the whigs. In glass, in paper, in linen, in silk, as well as in wool, we now could hold our own against continental rivals. Cambric was the only material of which France had the monopoly. 'Is there anything in the eternal law of the universe,' asked Pitt, 'that keeps the two nations in perpetual antagonism?' In connection with this treaty, which met with considerable opposition from the brewers, the duties on French wines and brandy were considerably reduced.

1787.

In 1787 Pitt was able to carry into effect a CONSOLIDATION OF THE NUMEROUS DUTIES OF CUSTOMS AND EXCISE, a measure which had been strongly recommended by Adam Smith in the 'Wealth of Nations,' and for which a plan had been proposed to North by George Rose. The Act consolidated the duties and abolished the old system of separate accounts for all the separate items. Henceforth the produce of these duties, of several other taxes particularly mentioned, and of all future taxes not specially appropriated, was to be carried to one CONSOLIDATED FUND.¹

¹ 27 Geo. III. c. 13, see ss. 47, 52. From this fund was fed Pitt's famous Sinking Fund of the previous year, the plan of which, briefly

Meanwhile, the tax on shops had formed the subject of an annual attack by Fox, who urged that it was an unfair tax on a particular class, Pitt, on the contrary, maintaining the opinion that the tax was recouped to the shopkeepers by their customers, who bore the burden. At last, in 1789, Pitt gave up the tax, and with it 56,000*l.* of revenue; and the exchequer was recouped by means of the following additions to taxes:—1. An increase in the taxes on saddle and carriage horses and four-wheeled carriages, with rates increasing according to the number of horses and carriages kept; 2. additions to the probate duty on personal property on its devolution in consequence of a death, to touch estates over 300*l.*, the addition increasing in amount according to the value of the estate up to 5,000*l.*, and 3. additional duties on receipts for legacies or personal estate over 400*l.* The additions were calculated to produce, in probate duty, 18,000*l.*, and, in legacy duty, 5,000*l.* per annum; but these taxes, as yet undeveloped, became of greater importance as subsequently altered by Pitt after the commencement of the war. Lastly, an additional $\frac{1}{2}$ *d.* was imposed upon every newspaper, with 6*d.* additional on

stated, was that 1,000,000*l.* a year was to be paid to the commissioners for the reduction of the national debt, in whose favour also the existing life and terminable annuities were, on their expiration, to be continued. The commissioners were to invest their income from all sources in purchases in the funds, until the annual sum received by them amounted to 4,000,000*l.*; after which the dividends on capital stock to be paid off by them, and any life and terminable annuities which should determine, should cease and be considered as redeemed. Subsequently, the fund was reinforced by another 400,000*l.* a year; a sum equal to the interest saved by any reduction of interest on any redeemable stock; and 1 per cent. upon all new loans for public purposes. 26 Geo. III. c. 31; 32, cc. 12, 55.

advertisements in newspapers and pamphlets, to produce 28,000*l.* and 9,000*l.* respectively. This addition was not made without serious opposition. But the debates on the question on the Newsmen's Petition, July 2, and on the Newsmen's Bill, July 3, possess, at the present day, only such interest as may attach to the ventilation in former times of questions on which, in these days, there is no difference of opinion. Pitt maintained his proposal as a suggestion for a tax on an acknowledged article of luxury, capable, in his opinion, of bearing a considerable tax.¹

Walpole's scheme for WAREHOUSING TOBACCO, withdrawn in 1733 on account of the opposition excited by representations that it was in effect a step towards a general excise, was now reintroduced. In the debates on the Tobacco Bill, Fox and Sheridan reproduced all the old arguments against excises, and pointed to the failure of Walpole's Excise Bill in 1733, and the repeal of Dashwood's cider tax in 1765. Pitt, however, carried his plan into law, and subsequently maintained it. The tax was imposed partly as a customs and partly as an excise duty. Tobacco, on importation, was to be warehoused, and was subjected to the excise system of survey and permit. By this means it was supposed the revenue authorities had the advantage of a double hold, which, it was hoped, would enable them to overcome, at any rate in a measure, the monstrous system of smuggling that existed.²

1790. In 1790, the prosperous state of the country, re-

¹ See as to shops, 29 Geo. III. c. 9; horses and carriages, c. 40; probate and legacy, c. 51; newspapers and advertisements, c. 50.

² 29 Geo. III. c. 68.

flected in the returns of revenue, enabled Pitt to announce, when he opened the Budget, April 29, that he had no proposal for additional taxation to produce for consideration. But before the close of the year, circumstances occurred which rendered necessary a supplementary Budget. In Vancouver's Island, one of the discoveries (1778) of the famous navigator captain Cook, our colonists, with a view to supply the Chinese market with furs, had formed, a few years before this date, a settlement at Nootka Sound. At this place the Spanish ships of war had, in assertion of the old claim of Spain to the western coast of America, seized two British vessels; the contents of the vessels had been sold, and the officers and men had been sent as prisoners to a Spanish fort. An armament was at once prepared to exact reparation from Spain, and the first business of the new parliament, which met in November, was to make provision for the expenses of the preparations.

The additional taxes proposed in this supplementary Budget, for a term sufficient to defray the loan of the year, are interesting as the outcome of Pitt's matured experience. They fell upon spirits, sugar, and malt; the taxes grouped together under the commissioners of taxes, except the commutation tax; and qualifications for sporting.

At this date, the distillery was taxed at 6*d.* the gallon on the wash, equal to 2*s.* 6*d.* the gallon on the spirits; an additional 1*d.* on the wash, equal to 5*d.* the gallon on the spirits, would produce 86,000*l.* An equivalent rise in the duty on rum would produce

67,000*l.* a year; and an addition to the duty on French and other brandy, another 87,000*l.*; making in all 240,000*l.* from spirits. The existing duty on sugar was 12*s.* 4*d.* the cwt.; this would be raised, by an additional 2*s.* 8*d.*, to 15*s.* the cwt., and the result would be an increase of revenue from this source of 241,000*l.* An addition of 3*d.* the bushel to the malt duty, for two years only. would produce an additional 122,000*l.*; 10 per cent. on the produce of the assessed taxes, 100,000*l.*; and an additional 1*l.* on certificates to kill game, and 10*s.* 6*d.* on gamekeepers' certificates, 25,000*l.*

Eventually all the proposed taxes passed into law;¹ though the proposal to raise the malt duty met with considerable opposition, and several taxes were suggested in lieu thereof, more particularly taxes on dogs, weights and measures, and cider.

1792. In 1792 Pitt was able to take off not only the temporary duty on malt imposed in the last session, but also the following taxes: the tax on women servants imposed in 1784, which, paid by the poorer class of housekeepers, was charged upon about 90,000 different families, and produced 31,000*l.*; the tax on carts and waggons, which produced about 30,000*l.*; the tax on houses having less than seven windows, which, extending to between 300,000 and 400,000 houses, produced about 56,000*l.*; and the additional $\frac{1}{2}$ *d.* the pound on candles, imposed in 1784, which pressed more, perhaps, than any other tax on consumption upon the poorer

¹ See as to spirits, 31 Geo. III. c. 1; malt, c. 2; taxes, c. 5; sugar, c. 15; sporting certificates, c. 21.

classes. This produced about 106,000*l.*; and the total of the taxes repealed was 223,000*l.*¹

These measures for the relief of the poorer class of taxpayers were proposed in Pitt's speech on the consideration of the public revenue and expenditure, February 17, in which he stated that 'unquestionably there never was a time in the history of this country when, from the situation of Europe, we might more reasonably expect fifteen years of peace.' Lord Grenville, who had been made a peer in November 1790,² had in the previous August expressed a similar opinion. Writing to his brother, he said—'We shall now, I hope, for a very long time indeed enjoy this blessing (of peace) and cultivate a situation of prosperity unexampled in our history.' And such was the general opinion at the time; for it was thought that the French had too much on their hands at home to allow them to interfere with affairs abroad. Pitt and his friends therefore looked forward with confidence to a long course of reductions of the national debt, abolitions of taxes, and the promotion of commerce and the general welfare of the kingdom.

Never in her previous history had England presented a picture of prosperity equal to that which 'had been the happy result of ten years of economy,

¹ 32 Geo. III. cc. 2, 3, 4, 6, 7. Par. Hist. xxix. 816 et seq. Pitt's Speeches, ii. 24. The speech of Feb. 17 is one of Pitt's finest speeches. Sheridan and Fox both acknowledged its 'splendor,' and the impression it made on the committee.

² He now held the foreign office, to which he had been transferred, in May 1791, on the resignation of the duke of Leeds, formerly lord Carmarthen, in connection with the Russian quarrel, having previously filled the home office since the resignation of lord Sydney in 1789.

of labour, of firmness, and of wisdom on the part of parliament in their endeavours to cultivate the arts of peace, to augment the revenue, and to ameliorate the condition of the people of the country '¹—her condition in 1792. The population was increasing in numbers day by day. Farming in all its branches was flourishing. The principal branches of our manufactures showed a continuous and steady improvement. Facilities of communication multiplied themselves, and fleets of vessels carried on an increasing import and export trade. The taxable capital of the country was estimated at 125 millions.² Of this a large portion belonged to the agriculturists, representing a largely increased area of land under cultivation. Of the 37 millions of acres of land in England, about 18 millions had been, in 1685, moorland, forest, and fen. Three millions of these had been brought into cultivation before 1727; but since that time inclosure Acts had been passed year after year, in numbers—latterly, thirty-three Acts in 1789, twenty-five in 1790, forty in 1791, and about the same number in 1792. And of this increased area no small portion was now worked upon a regular system, that four-course system of turnips, barley, oats, and wheat, which lord Townshend had so carefully studied at Raynham and Mr. Coke at Holkham in Norfolk—examples only of the many great land-owners who devoted much labour to agricultural improvements, of which the results had been carefully

¹ Pitt's speech in answer to Mr. Whitbread's observations, April 5, 1802. *Speeches*, iv. 215.

² Mr. Lowe's work on the state of England.

recorded by Arthur Young in his 'Farmer's Tour' and other 'Tours.' No country in the world produced sheep to equal our Southdowns and Cotswolds, or Mr. Blackwell's long-eared Leicesters ; none, an ox to yield a broad sirloin equal to that of our Herefords, Devons, or shorthorns ; none, any horse to equal, for purposes of husbandry, the Suffolk punch, for purposes of heavy draught, the London dray horse, in the hunting field, the English hunter, or on the race-course, the successors of Eclipse and Diomed. From the wool produced by our sheep, the number of which in England had been estimated, eighteen years before this, at from ten to twelve millions, a manufacture was maintained that supported over a million persons, and supplied the wants of our home population and an export trade of about three millions a year.¹ But cotton had been substituted for wool in some important articles of dress, and the use of machinery, the spinning jenny of Hargreaves, the spinning frame of Arkwright, the mule jenny of Compton, and the power loom of Cartwright had raised the manufacture of cotton articles from a manufacture for which, between 1776-85, on the average an annual import of 6,776,000 lbs. of cotton was required, to one for which, in 1792, 35,000,000 lbs. were imported. This enormous increase in the use of articles of cotton had, indeed, caused a decrease in the linen manufacture of England. To the same cause was, no doubt, due in a measure a depression in the silk trade. But the unprosperous state of this trade was mainly due to the action of the manufac-

¹ Campbell's Political Survey of Great Britain, ii. 158.

turers themselves and the operation of the Spitalfields Act, passed at their instigation : a manufacture bolstered up with every sort of prohibition, and subjected to that limitation of the minimum wages to be taken by workmen which had resulted in driving a considerable portion of the trade from Spitalfields to Macclesfield, Manchester, Norwich, Paisley and other places, was no fair gauge of the prosperity of the kingdom.

A fairer index was presented in the condition of the new industry, which about thirty years before this, had arisen in the district round Burslem in Staffordshire, termed the 'Potteries.' Here Wedgwood had started a manufacture of useful porcelain, which provided employment for thousands of hands directly and, indirectly, for hundreds of thousands more, and supplied the people with cups and other articles of domestic use little inferior, in the china of which they were made, to the expensive articles for the rich which had been made previously at Bow, at Chelsea, at Derby, where Johnson, on his visit some twenty years before this, found the china as expensive as silver, or at the hard paste manufactories of Worcester and Bristol.

A more important industry was daily making progress in the development of the manufacture of articles of iron, which, retarded for ages in consequence of the scarcity of fuel for the furnaces for smelting iron, and estimated for England, in 1740, at only 17,350 tons, from fifty furnaces, where charcoal only was used, had received an impulse from the application of coke as a means for the smelting of iron, first at Tarbert in Stir-

lincsire, and later on, in 1774, at the Carron Works by Dr. Roebuck. In 1788, eighty-five furnaces in England, Wales, and Scotland produced a quantity of iron calculated at about 68,300 tons, of which 55,200 were smelted with coke. And the result of a manufacture which continued to prosper, was evident not only in great works like the iron bridge over the Severn at Coalbrookdale, but at every fireside in the kingdom. Statistics were not in those days so abundant or so trustworthy as they are in our days, but particular information on the subject of the ironworks was obtained by Pitt before proposing the tax on coals he was unable to pass.

The rising importance of the coal trade could not be better testified than in this endeavour to get 150,000*l.* a year from our black diamond beds. Its development was only checked in a degree by that limitation of the output which existed by agreement between the coalowners, and had the effect of limiting the supply. But the coal pit was not our only source of wealth from mining. An abundance of rock salt was derived from the Cheshire salt mines, supplementing the produce of the salt springs in Staffordshire and Worcestershire, from whence came the principal part of the salt in general use in the kingdom. While the increase in the produce of the Cornish tin mines from 2,876 tons in 1750 to 3,202 tons,¹ would probably have been greater had not china in a great measure taken the place of pewter for many articles of household use.

¹ In 1793.

If in former times the country had been sadly wanting in good roads and other facilities for locomotion as compared with France, such was not the case in 1792. The royal mails established by Pitt, and a multitude of stage coaches—Highflyers, Comets, and Tantivys rolled along English roads that might compare with any route du Roi. While, more slowly, the heavy goods and particularly the produce of the coal mines, passed along the new navigations, or canals: the duke of Bridgewater and Brindley's canal from Worsley to Manchester, the Stafford and Worcester, the Trent and Mersey or Grand Trunk canal, and many others recently made. Thirty canal and navigation Acts had been passed between 1789 and 1792, and in this year the first sod had just been cut for the Grand Junction Canal. Our means of locomotion were now equal to those of France; and if we could not produce in England anything to equal the tapestry of the Gobelins or Beauvais, the porcelain of Sevres, the silks of Lyons, or glass or cambric to equal those of French manufacture, in useful manufactures, as well as in agriculture, we now equalled if we did not surpass the French and every other nation.

CHAPTER IX.

TAXATION DURING THE GREAT WAR.

PART I.

TO THE PEACE OF AMIENS.

1793—1802.

Commencement of the war. Cost of the war. First additional taxes.

The additions to the assessed taxes and distillery made perpetual. In 1794 the additions to the duties on sugar and foreign spirits made perpetual. Second additional duties on the distillery and foreign spirits. Additional duties on glass, bricks, and tiles. New tax on stone and slate. Repeal of the taxes on gloves and mittens and registration of births, &c. New tax on attorneys. In 1795 additional duties on wine. Third additional tax on spirits. Additional duty on tea. New taxes on hair-powder and sea insurance. Additional duties on receipts and other stamp duties. In 1796 second additional 10 per cent. on the assessed taxes. New tax on agricultural horses. Additions on pleasure horses and tobacco. New tax on collateral successions to property. Tax on dogs. Additional duties on hats. Second additional duties on wine. In 1797 further additional duties on tea, sugar, spirits, and bricks. Five per cent. on the customs duties. Additional duties on auctions. Third 10 per cent. on the assessed taxes. New tax on clocks and watches. Additional duty on stage-coach proprietors. Proposals to tax parcels by coach and proprietors of canals not carried into effect. In 1797 Pitt in difficulties. General rise in the stamp duties. The triple assessment for 1798. The duty on salt doubled. Third addition to the duty on tea. The convoy tax. New tax on armorial bearings. The land tax turned into a rent charge. Failure of the triple assessment. The income tax imposed in 1799. In 1800, a fifth addition for spirits and a fourth for tea. Pitt's last budget before leaving office. Fifth addition for tea. Additions for sugar, timber, raisins, and pepper. The duties on paper doubled. Additional taxes on horses, sea-insurance, bills of exchange, and deeds.

THE feelings of sympathy with the French people in their struggle for freedom, excited in England by the

French Revolution of 1789, the greatest political event of modern times, were followed by feelings of amazement and horror, caused by the subsequent excesses of the revolutionists and the execution of the king, which made a deep impression among people of all classes in this country. Chauvelin, the French ambassador, was at once dismissed, and it was obvious that hostilities would soon commence. On their side the republic had recalled their ambassador, and eventually in the declaration of war against England, February 1, 1793, began the war with revolutionary France which, with the subsequent war with Napoleon, is known as the Great War.

In 1792 the amount of the national debt of Great Britain was about 237,400,000*l*. The annual charge for interest, including management and life and terminable annuities, was about 9,300,000*l*.¹ The civil list and other expenses of the civil government were about 2,000,000*l*. The average naval and military expenditure from 1790 to 1792 had been about 6,250,000*l*. The revenue from taxes was about 17,300,000*l*.

The Great War with France proved more costly to us than all our preceding wars taken together. The cost of the war of the Spanish Succession had been 50 millions, and that of the war of the Right of Search 43 millions. The Seven Years' war cost us 82, and the war of American Independence 97 millions. The cost of those wars, taken together, was, therefore, 272 millions. But the Great War cost us 831 millions. Of this sum about 622 millions were added to the national debt.

¹ Return, Pub. Inc. and Expend. Part II., Appendix No. 12.

Hitherto, on the commencement of a war, the 1793. first step in taxation had been to raise the rate of the land tax. Thus, on the commencement of the first three wars above mentioned, in 1703, in 1740, and in 1756, the rate had been raised from 2*s.* to 4*s.*; and on the commencement of the war of American Independence, the rate, already 3*s.*, had been raised to 4*s.* But never after that year had the rate been reduced. A 4*s.* rate was considered to be the natural limit of the tax; a 5*s.* rate had never been contemplated by the boldest chancellor of the exchequer. Therefore, no additional revenue could be obtained from that source

In these circumstances Pitt's first move was to render perpetual the additional 10 per cent. on the assessed taxes and the additional one-sixth on the distillery imposed, in 1791, for a limited term, towards the expenses of the Spanish armament; by which means annuities were secured for raising a sum of 4,500,000*l.*¹

In the next year, 1794, a second increase was made 1794. in the duties on home, colonial, and foreign spirits, of the same amount as that in 1791, viz., 1*d.* on the wash, equal to 5*d.* the gallon for home-made spirits, 8*d.* for rum, and 10*d.* foreign brandy.² While the additional duties on rum and foreign brandy, and on sugar, originally granted in 1791, for a term for the Spanish armament, were made perpetual,³ as had been the additional duties on the distillery in the previous year.

¹ 33 Geo. III. c. 28.

² 34 Geo. III. cc. 2 & 3.

³ 34 Geo. III. c. 4.

The taxes on the materials for house-building were considerably increased, viz., the duties on the manufacture of crown and plate glass, and the duty on bricks, which was raised by an additional 1s. 6*d.* the 1,000 for ordinary bricks, with other rates for tiles, while a new tax was imposed on the rival materials for buildings, viz., slates, stone and marble, if carried coastwise.

Two minor taxes were now repealed, viz., that on gloves and mittens, imposed in 1785, which had proved a failure, and that on the registration of births, deaths, and marriages, imposed by the Coalition in 1783, which was acknowledged to have an injurious operation as regards the morals of the people. In order to recoup the revenue, an enormous tax was imposed upon the legal profession, of 100*l.* on indentures of clerkship for attorneys in the metropolis, and 50*l.* for country practitioners, and an increase was made in the duty on paper. But neither of these taxes passed into law without serious opposition from many quarters.¹

In this year, that rupture of the whig connection which was the chief effect of the French Revolution on English politics was complete. Several of the most eminent members of the party—the duke of Portland, William Wentworth, earl Fitzwilliam, who had succeeded to the Rockingham estates, George John, earl Spencer, William Windham and others, impressed with the enormities of the revolutionists, separated themselves from Fox, as Burke, by whose writings and

¹ See as to glass, 34 Geo. III. c. 27; bricks, c. 15; slate, &c., c. 51; gloves and mittens, and births, &c., cc. 10 & 11; attorneys and paper, cc. 14 & 20.

influence they were not a little influenced in taking this step, had separated himself from him in 1791. And some of them joined the ministry: Portland taking the place of Dundas at the home office, in July, when the latter was appointed the new third *secretary of state for war*; Fitzwilliam, the post of president of the council; Spencer, eventually, the admiralty; while Windham became secretary at war.

In 1795 a considerable addition was made to the 1795.
duty on wine, which had been reduced for the purposes of Pitt's commercial treaty with France—of 30*l.* the tun for French, and 20*l.* the tun for other wines. A third addition was made to the duties on the distillery and imported spirits, viz., another 1*d.* the gallon on the wash, equal to 5*d.* the gallon for home-made spirits, 8*d.* for rum, and 10*d.* for brandy. The enormous increase in the consumption of duty-paid tea, consequent upon the reduction of the duty in 1784 by the Commutation Act, showed that this article could now bear an additional tax, and 7*l.* 10*s.* per cent. was added to the duty, raising it to 20 per cent. on the price of tea. At the same time the duties on coffee and cocoa-nuts were also increased.

Pitt had already imposed, in 1786, a tax upon hair-powder. The fashion of wearing wigs and HAIR-POWDER still prevailed, and he now added a tax upon the wearers, to be paid by the head of the family, calculating the probable yield at no less than 200,000*l.* This tax, at the rate of a guinea, was termed by the opponents of the minister, who ceased to wear the article taxed, 'the Guinea-pig tax.'

A tax now imposed upon PROPERTY INSURED AGAINST SEA RISK, proved subsequently during the war, while insurances of ships could only be effected in this country, a most excellent contributory to the revenue.

The receipt tax of the Coalition was considerably increased, and additional duties were imposed upon several heads in the stamp list, including probates and letters of administration, the instruments by means of a stamp on which, a tax on the estates of deceased persons was collected.¹

1796. In the short session before Christmas, 1795, Pitt introduced his projects for several new taxes. The consideration of these was postponed until after the Christmas vacation ; but a second additional 10 per cent. was at once granted on the produce of the taxes under the commissioners for taxes, estimated to produce 140,000*l.* The new taxes were to produce, including 180,000*l.* from a reduction of the bounty on the exportation of refined sugar, about 1,127,000*l.* Eventually, a new tax was imposed upon horses kept for industry, at 2*s.* a horse, estimated to produce 100,000*l.*; the tax on saddle and carriage horses was doubled, to produce another 116,000*l.*, and 4*d.* the pound additional on tobacco was to produce 170,000*l.*²

Another tax was only partly carried into effect. Pitt's main object in taxation at this date was to reach property, and one of his projects had in view a considerable increase of revenue from an important tax on

¹ See as to wine, 35 Geo. III. c. 10; the distillery, c. 11; foreign spirits, c. 12; tea, c. 13; hair-powder, c. 49; sea policies, c. 63; receipts, c. 55; stamps, c. 30.

² See as to taxes, 36 Geo. III. c. 14; tobacco, c. 13; horses, cc. 15, 16.

successions, to produce 250,000*l.* per annum. North had under consideration, in the war of American Independence, the possibility of imposing a tax similar to the Dutch tax on collateral successions, to which Adam Smith had directed attention in 'The Wealth of Nations,' but, unable to settle a plan for the purpose, had contented himself with imposing stamp duties upon any receipts given by legatees or successors for legacies or shares of personal estate. This tax, subsequently increased by raising the duties, was ineffective, because easily and generally evaded. The legatees and successors refrained from giving receipts, and executors and administrators did not demand them. Pitt now proposed to tax the property of deceased persons in the hands of their representatives, their executors or administrators, through whose hands personal property must, by law, pass before reaching the legatees and successors, and matured a plan for introducing into our fiscal system a tax on collateral successions more nearly resembling the Dutch tax, and the *vicesima hereditatum et legatorum* of Augustus, from which that tax had been copied.

His plan, framed to include all **COLLATERAL SUCCESSIONS** to landed, as well as to personal or moveable, property, he originally intended to embody in a single Bill. Subsequently, altering his intention, he introduced into the house of commons two Bills, one relating to the tax on collateral successions to personal property, the other relating to the tax on collateral successions to land. The first of these passed into law;¹ but the

¹ 36 Geo. III. c. 52, April 26, 1796.

other, relating to land, having in a late stage passed by only the casting vote of the Speaker, was eventually withdrawn; and though subsequently on several occasions suggestions were made, in the house of commons and elsewhere, for the extension of the tax on successions to land, no serious attempt to remedy this inequality in taxation was made until the introduction of Gladstone's measure, which became 'the Succession Duty Act, 1853.'

The loss consequent upon the failure to carry the tax relating to collateral successions to land was estimated at 140,000*l.* a year.

Pitt also failed to obtain the assent of the House to a proposal for an increase in the duties on printed calicoes and linens, to produce 135,000*l.*; in consequence of which, later on in the year, he imposed a tax upon dogs. Such a tax had frequently been suggested, but more particularly in 1790, as preferable to the increase in the malt duty then made towards the expenses of the Spanish armament. The tax now imposed was the result of a suggestion of Mr. Dent, or 'Dog' Dent, as he was termed, the member for Berkshire, who had introduced a Bill embodying a proposal for a general tax on dogs, with a view to prevent the multiplication of the animal. It was, however, charged only in respect of sporting dogs, or where more than one dog was kept by the same person.

An addition was also made to the duty on hats; but the main source of additional revenue was a second additional duty on wine of the same amount as that imposed in 1795, viz., 30*l.* the tun for French, and 20*l.*

the tun for other wines, with an additional duty on British made wines, or sweets, as they were termed, the consumption of which was greater at that day than in our times.¹

The additional taxes for 1797 were proposed by Pitt in December 1796. The amount to be raised was 2,110,000*l.*, which included 140,000*l.*, representing the loss consequent upon the failure to carry the tax on collateral successions to land in the preceding year. The most equitable principle in raising so large a sum would be, he observed, to render the objects as diffuse as possible; and in that view his operations extended to tea, sugar, spirits, and bricks; the customs generally; the tax on property sold at auctions; the assessed taxes, and several other heads of revenue: while several new taxes were proposed, some of which were carried into effect.

This second addition to the duty on tea was 10 per cent. on the price for all tea, except the coarser sorts under 2*s.* 6*d.* the pound in price, which, as forming the common beverage of the poorer classes, were allowed to remain charged with 20 per cent. So successful had been the operation of the commutation tax in breaking up the capital of the smuggler, that Pitt estimated the increase of revenue from this addition at 240,000*l.* This second addition to the duty on sugar, of 2*s.* 6*d.* the cwt., Pitt proposed with regret, because it would fall in some degree on the lower classes of the people. It would produce about 280,000*l.* The duty on spirits was increased for the fourth time—the addition being

¹ See as to wine, 36 Geo. III. c. 123; dogs, c. 124; hats, c. 125.

equal to 5*d.* the gallon on English spirits, with an equivalent rise for colonial and foreign spirits, viz., 8*d.* for rum, and 10*d.* for brandy, to produce 210,000*l.*; with an increase in the duty on the licenses for Scotch distillers, which was to be raised from 13*l.* to three times that amount, to produce 300,000*l.* While a second increase in the duty on bricks, of 1*s.* the thousand, the previous increase having been 1*s.* 6*d.*, would produce 36,000*l.* of revenue.

In the customs, 10 per cent. on the produce of the duties on brimstone, hemp, and iron in bars, or unwrought, would produce about 43,000*l.*; and 5*l.* per cent. on *the produce of all other goods subject to customs*, except wine, which had been heavily taxed in 1795 and 1796, and coals carried coastwise, would produce 110,000*l.*

The duties on property sold at auctions were increased by 2½*d.* in the pound on landed property, and 3*d.* in the pound on furniture, goods, &c., to produce 40,000*l.*

A third 10 per cent. on the produce of the assessed taxes, and a new tax such as had been suggested in 1784 by sir Richard Hill,¹ upon all persons wearing watches or possessed of clocks, would produce 290,000*l.*

By a regulation of stamps 30,000*l.* was to be gained.

Lastly, the tax on stage-coach proprietors was increased by an additional 1*d.* for every mile travelled.

Two new taxes proposed on this occasion Pitt was unable to carry into effect: one, on parcels sent by

¹ Ante, p. 186.

coach, to bring in 60,000*l.*; and the other, on inland navigations, as canals were termed. In 1782, North had proposed to tax the carriage of goods by canal. Since that date numerous canal and navigation Acts had been passed; in 1793, no less than twenty-eight, and in 1794–96, forty-one; and the proposal now made was for a tax on the proprietors of all canals or navigations paying over 5*l.* per cent., estimated to produce 120,000*l.*¹

On the introduction, April 26, 1797, of the last taxes suggested by Pitt before his famous triple assessment, he confessed himself a good deal at a loss, since there was no mode of taxation that he could propose which was not liable to objections of some kind. His desire was to make any new taxes fall as lightly as possible on the great sources of national prosperity and the lower orders of the people,² and he selected as the least objectionable, the stamp duties, which, though they were then more than double what they were in the American war, had not undergone any considerable increase for some years. The stamp duties, he said, were a description of tax easily raised, widely diffused, which pressed little on any particular class, especially the lower orders of society, and produced a revenue safely and expeditiously collected at a small expense.³ These duties, therefore, he proposed to raise

¹ See as to auctions, bricks, cocoa-nuts, spirits, and tea, 37 Geo. III. c. 14; sugar, brimstone, and the other customs duties, c. 15; stills in Scotland, c. 17; stage-coaches, c. 16; clocks and watches, c. 108; stamps, c. 19; assessed taxes, c. 60.

² Pitt's Speeches, iii. 125.

³ 37 Geo. III. c. 90. The rise in the stamp duties affected newspapers and almanacs and property insured against fire risk.

to almost double on most descriptions of instruments, excepting only those that had been lately increased; the estimated addition to the revenue being 320,000*l*. Part of this measure, consisting of a tax on what he termed private transfers, as opposed to the transfer of property at public auction, by means of a duty upon the deed of conveyance of the property according to an *ad valorem* scale, he was unable to pass. Instead of the proposed tax on transfers he imposed a new fixed duty of 10*s*. upon all deeds, irrespective of length.¹

Additional duties were also imposed in this year upon houses and servants, and 3*s*. additional upon agricultural and trade horses.²

The position of this country was now alarming. We were threatened with invasion, and there appeared to be no prospect of peace. The funds stood at 48, and the difficulty of procuring money for the service of the country under the old system of loans, rendered the question of raising the supplies within the year one for very serious consideration.

But already since the commencement of the war, the taxes on several of the most important articles of consumption in our fiscal list had been considerably increased; the duty on wine, twice; the duties on spirits, four times, if we include the additional duties originally imposed for the Spanish armament; the duty on tea, from 12·10 per cent. for all sorts, to 20 per cent. for the coarser sorts, and 30 per cent. for other teas. The duty on sugar had twice been raised in amount;

¹ 37 Geo. III. c. 111.

² See as to inhabited houses, 37 Geo. III. c. 105; horses, c. 106; servants, c. 108.

and the duty on bricks, twice ; while the duties on tobacco, newspapers, advertisements, glass, paper, and hats had all received additions. The customs generally had been increased by a percentage on the produce. The group of taxes under the management of the commissioners of taxes—the assessed taxes, as they were termed—had three times been raised. New taxes had been imposed upon persons wearing hair-powder, keeping dogs, wearing watches, or using clocks. A tax had been imposed upon agricultural horses, and the tax on stage-coaches had been increased. The tax on property sold by auction had been raised. A new tax had been imposed upon property insured from sea risk. Collateral successions to personal property had been specially taxed, while the landed interest had proved sufficiently powerful to defeat the plan for a similar tax on landed property. And the stamp duties generally had been enormously increased.

The taxes on cotton bleachers, shops, maid-servants, gloves and mittens, and that on the registration of births, deaths, and marriages, Pitt had been compelled to repeal. While he had been unable to obtain the assent of the House to his proposals for new taxes on coals at the pit, printed goods according to price, the conveyance of parcels by coach, inland navigation on canals, and private transfers of property.

Four considerable taxes on articles of necessity, 1798 soap, candles, leather, and salt, had remained untouched, in accordance with the principle advocated by Adam Smith that, if retained, those taxes should be kept at the lowest possible rate. The tax on soap

had received a considerable addition in North's last year of office. Pitt himself had repealed the additional $\frac{1}{2}d.$ on candles he had been obliged to impose in his first year of office. The increased importance of leather for industrial purposes formed an additional argument against any augmentation of the tax on that article. While, as regards salt, this tax, always one of the most unpopular of taxes, had been thrice raised in amount for the purposes of the war of American Independence.

In these circumstances what was Pitt to do? He was compelled to have recourse to the expedient of a general tax upon persons possessed of property. Since the commencement of the war he had used the group of taxes under the commissioners of taxes, consisting of the taxes on householders and on establishments, as a quasi-property tax, raising them by 10 per cent. on three occasions, and had added to the group the taxes on dogs and clocks and watches. He now proposed to obtain the effect of a property tax by an increase in these taxes, and in his Budget of November 4, 1797, introduced his scheme for the 'TRIPLE ASSESSMENT for 1798'¹ on the assessed taxes, from which he expected an addition to the revenue of 4,500,000*l.*

While calling upon the richer classes for this unusual effort, he increased the taxes on articles of general consumption, by doubling the duty on salt, raising it from 5*s.* to 10*s.* the bushel, and imposing another 5 per cent. on the price of tea sold by the East India Company at 2*s.* 6*d.* the pound or upwards, to raise the duty to 35 per cent.

¹ Passed Jan. 12, 1798. 38 Geo. III. c. 16.

The mercantile classes were further taxed by means of new duties imposed upon exports and imports, usually termed the CONVOY TAX:—Every merchant vessel was required to sail with a convoy, viz., ‘under the protection of such ship or ships as may be appointed for that purpose.’ And in return for this protection to ‘the increased and extensive commerce of these kingdoms’ certain duties to be paid in respect of goods exported and imported, and on the tonnage of ships outwards and inwards, were granted until the signing of the preliminary articles of peace. The convoy tax was expected to produce no less than 1,500,000*l*.

Lastly, another new tax touched all persons using or wearing any ARMORIAL BEARINGS, at one of three rates, viz., persons keeping a taxable carriage, 2*l*. 2*s*. a year; other persons liable to the house or window tax, 1*l*. 1*s*.; all other persons, 10*s*. 6*d*.

The idea of selling the land tax had long been in contemplation. Pitt now rendered the tax perpetual, subject to redemption and purchase;¹ and having thus put it aside, in the next year, abolished 1799. that travestie of a tax on property, the triple assessment, which proved a failure, and proposed in one of his greatest speeches A GENERAL INCOME TAX at 10 per cent.² This was charged upon all absentees, that is, British subjects not resident in Great Britain, in respect of all income arising from property

¹ See as to salt, 38 Geo. III. cc. 43 & 89; tea, c. 42; the convoy tax, c. 76; armorial bearings, c. 53; land tax, c. 60, passed June 21, 1798.

² Duties on income, 39 Geo. III. c. 13, passed January 9, 1799.

in Great Britain; and upon all residents in Great Britain, in respect of all income arising from property in Great Britain or elsewhere, and all income from any profession, office, stipend, pension, employment, trade or vocation. A general statement of income was required from the taxpayers in a form given in the Act. An abatement of tax was allowed in respect of children, similar to that which had prevailed, in practice, under the old system of subsidies. And the administration of the tax was copied from the Land Tax Act. The full charge, 10 per cent., applied only to incomes of 200*l.* and upwards. Between 200*l.* and 60*l.* of income there were various rates of charge; and incomes under 60*l.* were not charged. This tax Pitt estimated would produce no less than 7,500,000*l.* a year.

318,000*l.* more was to be derived from a tax on small notes under 40*s.*, to produce 42,000*l.*, and alterations in the bounty on sugar and the drawback on coffee, on their exportation.

1800. The income tax produced less than was expected by nearly a million and a half; and, in 1800, Pitt was compelled to make a fifth addition to the duty on spirits, raising it to 5*s.* 4*d.* the gallon, which exceeded the rate chargeable at the end of the war of American Independence. The produce of the tax was now about a million a year. In the same year a fourth addition of 5 per cent. on tea, except the coarser sorts, raised the duty to 40 per cent.¹

1801. Pitt's last Budget before leaving office, his seven-

¹ Spirits and tea, 40 Geo. III. c. 23.

teenth, and the only one, as George Rose writes, to which there was no opposition, was introduced in 1801, while Addington was forming an administration.

The new taxes fell upon tea, sugar, raisins, pepper, timber, paper, horses, and certain items under the head of stamps.¹

A fifth addition, of 10 per cent. on the better sorts of tea, raised the duty for tea of the price of 2s. 6d. or more the pound to 50 per cent.;² and as the import of tea, which before the Commutation Act had been about six millions of pounds, had now risen to about twenty-two millions, Pitt expected from this addition no less than 300,000*l.* per annum.

The additional duties on sugar and timber, and some additional duties on raisins and pepper and on lead on exportation, were estimated to produce about 359,000*l.*

The tax on paper, at double the existing rates, would produce an additional 135,000*l.*

The addition to the taxes on horses included an addition in respect of agricultural horses as well as an addition in respect of saddle and carriage horses; while the increase in the stamp duties affected bills of exchange, insurances of property from sea risk, and deeds.

Pitt now resigned office, in consequence of his inability to introduce a measure for the removal of the Catholic disabilities, which was in his opinion involved in the Act of Union by which the kingdoms of Great Britain and Ireland had been consolidated in the previous year.

¹ See as to paper and tea, 41 Geo. III. c. 8; horses, c. 9; stamps, c. 10; timber, sugar, raisins, and pepper, c. 28.

² Cheap teas were still charged only 20 per cent.

PART II.

FROM THE PEACE OF AMIENS TO WATERLOO.

1802—1815.

ADDINGTON'S ADMINISTRATION. PITT'S SECOND ADMINISTRATION.
 'ALL THE TALENTS.' THE PORTLAND AND PERCEVAL ADMINIS-
 TRATIONS, AND THE LIVERPOOL ADMINISTRATION DOWN TO THE
 END OF THE WAR.

The peace of Amiens. Repeal of the income tax by Addington. Enormous increase in the taxes on beer. Increase in the assessed taxes. New duty on exports and imports in lieu of the convoy tax. Re- commencement of the war. The income tax re-imposed at 5 per cent. An additional 2s. on malt, and additional duties on wine, spirits, tea, and sugar, the customs generally, cotton, exports and imports and tonnage. Addington's last budget in 1804. Increase in the stamp duties. Pitt returns to office without the Grenvilles. The income tax raised to 6·10 per cent. The salt duty raised to 15s. The victory of Austerlitz. Death of Pitt. The administration of all the talents. Fox and lord Henry Petty as the new tax-gatherers. The income tax raised to 10 per cent. Increase in the duties on tea, sugar, and tobacco. Another general rise in the customs. Proposals for taxes on pig iron and private brewing. Another 10 per cent. on the assessed taxes. Death of Fox. The Portland administration. Spencer Perceval's consolidations of the assessed taxes, the stamp duties, and the customs. Break up of the administration after the Walcheren expedition. The Perceval administration. Assassination of Perceval, May, 1812. The Liverpool administration. Vansittart's first budget. Increase in the duties on leather, glass, and tobacco. The taxes on establishments and agricultural horses raised. In 1813 further increase on tobacco. A general rise in the customs. Attempt to tax cotton. The first peace of Paris, 1814. Return of Napoleon from Elba. The last taxes for the Great War, imposed in 1815. Duties on tobacco and excise licenses. A general rise in the stamp duties.

In the new administration, which was announced in March, after the recovery of the king from his illness,

Addington held the posts of first lord of the treasury and chancellor of the exchequer in succession to Pitt ; the duke of Portland, taking the post of president of the council, was succeeded at the home office by lord Pelham ; lord Hawkesbury, subsequently earl of Liverpool, succeeded lord Grenville at the foreign office ; and lord Hobart, Dundas, as the third *secretary, for war and the colonies*.¹

Pitt's right-hand man at the treasury, George Rose, now resigned the post of secretary he had held for seventeen years, and his colleague, Long, subsequently lord Farnborough, retired with him. They were succeeded by Hiley Addington, brother of the prime minister, and Vansittart.

After the peace of Amiens, in May 1802, Addington repealed the income tax, stating that he considered it a tax to be reserved for war purposes, and in order to partly fill the void in the exchequer caused by this repeal, which cost 5,600,000*l.*, increased the taxes falling upon beer, to produce an additional 2,000,000*l.*, raising the duty for beer by 2*s.* the barrel, malt by 1*s.* 0¼*d.* the bushel, and hops by 1¼*d.* and a fraction, to make it 3*d.* the pound. An augmentation of the assessed taxes would produce 1,000,000*l.*, and a new tax on imports and exports, in substitution for the convoy tax, another 1,000,000*l.*²

1802.

When the war recommenced, Addington re-imposed

1803.

¹ The business of the colonies, which had been carried on at the home office, was in this year, 1801, transferred to the secretary for war.

² See as to window tax and inhabited houses, 42 Geo. III. c. 34 ; servants, carriages, horses and dogs, c. 37 ; income tax, c. 42 ; beer, malt and hops, c. 38 ; customs, c. 43.

the income tax, but at the rate of only 5 per cent., which, it was estimated, would produce a revenue of 4,500,000*l.* And, as the principal cause of the unpopularity of the tax had been the necessity of giving a general declaration of income from all sources, the tax was now split up and parcelled out in schedules, so as to form, as regards the returns required, so many separate taxes. Schedule A contained the tax on owners of land, including houses, in respect of the ownership; schedule B, the tax on farmers in respect of land and houses attached to farms, and included the additional benefit to persons in occupation of lands of their own; schedule C, the tax on dividends and annuities from public revenue; schedule D, the tax on income derived by residents in Great Britain from property or business abroad, and the tax on professions, trades, employments, or callings exercised in Great Britain; while schedule E contained the charge on public offices or employments of profit, including the navy, army, and civil service, &c. Incomes under 60*l.* were wholly exempted from tax, and an abatement of tax was allowed for incomes between 60*l.* and 150*l.*¹

At the same time temporary or war duties were imposed upon articles of consumption as follows:—

On malt, an additional 2*s.* the bushel, estimated to produce an additional 2,700,000*l.* On wine, an additional 18*l.* the tun for French, and 12*l.* the tun for other wine. On spirits, an additional 50 per cent., viz., 5½*d.* additional on the wash, raising the duty on home-

¹ 43 Geo. III. c. 122. Aug. 11, 1803.

made spirits from 5*s.* 4*d.* the gallon to 8*s.* and a fraction, with equivalent additions for rum and for brandy; to produce in all an additional 1,500,000*l.* per annum. On tea, an additional 45 per cent. on the price of all teas, to raise the duty to 95 per cent. for all except the coarser sorts under 2*s.* 6*d.* in price; and for these, to 65 per cent. This addition would produce 1,300,000*l.* An additional 20 per cent. on sugar, with a general 12*l.* 10*s.* per cent. *additional on the customs generally*, except tea, wine, and deals and fir timber, would produce 1,300,000*l.* more.

On every pound of cotton wool imported, a duty of 1*d.* was imposed, to produce 150,000*l.* 1 per cent. on the value of all British goods exported to any part of Europe, and 3 per cent. on articles exported to any other part of the world, would produce 460,000*l.*; and additional duties of tonnage on vessels entering inwards and outwards, 150,000*l.*¹

Addington's last budget, the budget of 1804, included another (the fifth) addition to the duty on wine—11*l.* 18*s.* 6*d.* the tun on French, and 7*l.* 19*s.* the tun on other wine, and an additional 12*l.* 10*s.* per cent. *on the produce of the duties on sugar and the customs generally*, except tea, wine, cotton wool, and deals and fir timber, but including coals carried coast-wise.² But his principal plan for increasing the taxes was one for a general consolidation of the stamp duties, involving the introduction of a tax on transfers of pro-

1804.

¹ See as to malt, wine, spirits, and tea, 43 Geo. III. c. 81; sugar, cotton, customs, and tonnage duties, c. 70; taxes, c. 101.

² Wine, by 44 Geo. III. c. 40; customs, c. 53.

perty according to value, and estimated to produce an additional 800,000*l.* of revenue. This Pitt subsequently took up, but was unable to carry through the House in its integrity.¹

The duties on malt, wine, spirits, and tea, the two increases in the customs of 12·10 and 12·10, *i.e.* 25 per cent., the other customs on sugar, cotton, &c., and the tonnage duties, granted in 1803 and 1804, were temporary duties granted either until the ratification of a definitive treaty of peace or until 6 or 12 months after the peace. But the customs, it may be well to add, though re-enacted in the tariff of 1809 as temporary duties, were, after the peace, made perpetual. The same course was taken as regards the other duties above mentioned, which were made perpetual, with the exception of the duty on malt.

In May, Pitt was recalled to office by the general voice of the nation, who regarded the hand of Addington as too weak to hold the helm of state in perilous times ; but Grenville and his party, who had gradually approached the whig party, now refused office unless Fox was admitted to the cabinet. The objection of the king to Fox prevented this arrangement, and therefore Pitt resumed office without the Grenvilles. Hawkesbury went from the foreign to the home office, and was succeeded in his previous post by lord Harrowby ; lord Camden took the secretaryship for war and the colonies ; and Melville,² the admiralty. Castlereagh became president of the board of control ; and Canning,

¹ See the Stamp Consolidation Act of July 28, 44 Geo. III. c. 98. Excise consolidation of the same year, c. 69. Taxes consolidation, c. 161.

² H. Dundas had been created viscount Melville in 1802.

Sturges Bourne, Huskisson, and George Rose returned to office, holding subordinate posts.

Pitt's last budget, for 1805, included additions to the income tax, which he raised to $6\frac{1}{2}$ per cent.; the legacy duties, which he extended to direct successions, the duty on horses, and the auction duties; additional duties on several articles in the customs list, and 2*l.* 10*s.* per cent. on the *produce of the customs generally*; and lastly, additions for bricks, glass, coffee, cider, vinegar, and salt. This tax, raised in 1798 to 10*s.* the bushel, had been condemned by a committee of the house of commons, but as a last resource Pitt was compelled to increase the rate to 15*s.*¹

1805.

In the autumn, Napoleon, breaking up the camp at Boulogne, swept across France and over the Rhine at Strasburg, cut off Mack from the Austrian forces, shut him up in Ulm, and compelled him to surrender with 40,000 men. After his entry into Vienna, his generals obtained, by stratagem, the command of the bridge over the Danube, and passing on to Austerlitz, he totally defeated, December 2, the Austrian and Russian armies in the battle known as that of the Three Emperors. The victory of Austerlitz caused the death of Pitt. 'Roll up the map of Europe,' he said on receiving the news; 'it will not be wanted again for a long time.' And, worn out by hard work and anxiety, an old man at the age of 47, he died in January 1806, a victim of the war, 'killed by the enemy as much as Nelson,' writes Wilberforce in his Diary.

¹ See as to income tax, 45 Geo. III. c. 15; horses, c. 13; salt, c. 14; legacies, c. 28; customs, c. 20; auctions, bricks, coffee, cider, glass, and vinegar, c. 30.

After the death of Pitt, the plan of a strong administration on a broad basis, he had so earnestly desired, but had been prevented from carrying into effect in consequence of the aversion of the king to Fox, was adopted in the formation of the coalition ministry known as 'All the Talents.' In this administration lord Grenville was prime minister, lord Spencer took the home, and Fox the foreign, office, the post he thought would best suit his views; William Windham was secretary for war and the colonies; and lord Henry Petty, son of the marquis of Lansdowne¹ and himself subsequently lord Lansdowne, chancellor of the exchequer; mr. Grey, afterwards viscount Howick and earl Grey, took the admiralty; while Sheridan held the post of treasurer of the navy.

The continuance of war prevented the execution of the promises to reduce taxation that had been made by Fox and his party, and he and lord Henry soon appeared in the caricatures of the day as 'the new tax-gatherers,' with a copious stream of new taxes flowing from the 'Petty' fountain.

1806. The new administration, adhering to Pitt's policy of raising by means of taxes *as great as possible a part of the supplies necessary for the year*, increased the rate of the income tax to 10 per cent. This lord Henry Petty termed the 'natural limit of the tax,' and he stated his reason for raising the rate at once to the natural limit in lieu of increasing it gradually, to be a desire to prevent the supposition that this tax was a

¹ The earl of Shelburne had been created marquis of Lansdowne in 1784.

fund to be drawn upon to an indefinite extent. At the same time, the exemption allowed for small incomes was reduced from 60*l.* to 50*l.* and limited to incomes derived from labour, viz., from professions, trades and offices, as Addington had originally proposed it should be, in 1804. As thus imposed, the tax produced, in 1806, about 12,800,000*l.*

An additional million of revenue was raised by the increased taxation of articles of consumption. The cheaper sorts of teas, under 2*s.* 6*d.* the pound, which had not been charged on several occasions when additional duties had been imposed on tea of or above that price, were charged with an additional 30 per cent. The duty was now 96 per cent. for all teas.

On sugar, an additional 15 per cent. on the produce of the duties was imposed.

The duty on tobacco was raised by an additional temporary or war tax of 6*d.* the pound.

And a fifth *general rise in the customs* duties was effected by the imposition of an additional 8*l.* 6*s.* 8*d.* per cent. on the produce of the duties, inwards, outwards, and coastwise, except those on cotton wool, tobacco, wine, deals and fir timber from Norway.

There were also some fiscal alterations of minor importance, more particularly new duties on appraisements and on annual licenses for appraisers.¹

Two important proposals for new taxes—one, a

¹ See as to income tax, 40 Geo. III. c. 65; tobacco, c. 39; tea, c. 38; sugar and other customs duties, c. 42; appraisements, c. 43. The duties on tobacco were war duties, to continue until twelve months after a definitive treaty of peace. The customs, also war duties, were included in the consolidation in 1809.

project for a tax on pig iron ; the other, a suggestion for the imposition of the frequently contemplated tax on private brewing—encountered serious opposition in the House, and eventually were dropped, that on private brewing more particularly on the recommendation of George Rose. In lieu of these, a fourth 10 per cent. additional was imposed upon the produce of the assessed taxes, coupled, however, with a provision for an allowance to be made to payers of assessed taxes having large families.¹

In September 1806 Fox was laid by the side of Pitt in ‘the Great Temple of Silence and Reconciliation’ at Westminster. His death led to changes in, and eventually, in March 1807, to the resignation of, ‘All the Talents,’ the nearest approach to a whig ministry in power from 1783 to 1830.

1807. An administration was now formed under the duke of Portland, with Hawkesbury at the home, and Canning at the foreign, office ; Castlereagh, as secretary for war and the colonies ; and Spencer Perceval, a younger son of the earl of Egmont, who had been attorney-general from 1802 to 1806, as chancellor of the exchequer and leader of the house of commons.²

1808. The principal increase in taxation effected by Spencer Perceval in 1808 consisted in ‘consolidations’ of duties, as they were termed—a consolidation or new arrangement of the assessed taxes, to bring in an additional 125,000*l.* of revenue ; and a consolida-

¹ 46 Geo. III. c. 78, duties ; allowance, c. 84.

² In 1807, an additional duty of 2*s.* 6*d.* the gallon was imposed on foreign brandy as a temporary or war duty, until twelve months after a treaty of peace. 47 Geo. III. sess. 1, c. 27.

tion of the stamp duties, involving the application of an ad valorem scale of charge to conveyances, as suggested by Pitt, and an increase for bankers' notes and bankers' licences, the new arrangement being calculated to bring in an additional 200,000*l.* of revenue.¹

In 1809 an additional 105,000*l.* was expected from a consolidation of the duties of customs, which, though simplified and consolidated in 1803,² had since then, in consequence of the grants of additional duties and new legislation on the subject, again become complicated. In form, the Act for the tariff of 1809 followed the lines usual in legislation regarding the customs. Schedule A included the duties on the importation of goods 'inwards;' on the exportation of goods 'outwards,' and on goods carried 'coastwise.' The other schedules, perhaps, as of minor importance, were termed Tables, a favourite word in the laws of the customs, and Table B contained the duties on specified goods imported by the East India Company; Table C, the duties on prize goods; and Table D, the tonnage duty on ships entering inwards or outwards in any port from or to foreign parts.³ In the Act, the duties were arranged in two columns, the first containing the permanent duties, the other, the temporary or war duties; and it may be well at once to add that these war duties were, after the peace of Paris, continued and subsequently made perpetual.

1809.

¹ Taxes consolidation, 48 Geo. III. c. 55; stamps, c. 149.

² By 43 Geo. III. c. 68.

³ 49 Geo. III. c. 98. By this Act the old duty of butlerage was to cease from July 5, 1809. See s. 36.

In the same year a considerable increase was made in the duties on spread window or broad glass.¹

In the autumn the Portland administration was broken up. Canning, who had always considered Castlereagh unequal to the duties of the post of war minister, had endeavoured to impress upon the duke the necessity of finding some other post for him, and after the failure of the Walcheren expedition under lord Chat-ham in the summer, had urged the duke immediately to remove him from the post he had now proved himself incompetent to fill. The embarrassment caused to the duke by the difficulties between Canning and Castle-reagh led to his resignation, which, in consequence of his declining health, could not long have been deferred;² and the question now arose whether his successor should be some member of the house of lords, as desired by Spencer Perceval, or a member of the house of commons as desired by Canning, with a view to his own elevation to the supreme post. The resignation of Canning, in October, after his duel with Castlereagh, solved this difficulty, and cleared the way for a re-arrangement of the ministry. Something that seemed to be negotiation with lords Grenville and Grey took place, but eventually Spencer Perceval became, in December, prime minister in an administration which was but the old Portland administration without its nominal head, and with the marquis Wellesley in lieu of Canning at the foreign office, and mr. Richard Ryder at the home office in the place of Hawkesbury, who took the secretaryship for war and the colonies vacated by Castlereagh.

¹ 49 Geo. III. c. 63.

² The duke died on Oct. 29.

Eventually Spencer Perceval continued to hold, with the post of first lord of the treasury, that of chancellor of the exchequer. He had offered the post to George Rose, who, however, had declined it on account of his advanced age. On receiving the offer, Rose made a memorandum of the state of the finances of the country, to which there is attached the following interesting note relating to suggestions for taxes :¹—

Mr. Perceval has seen a paper of Mr. Pitt's :—

Husbandry horses	. 150,000	Overstated
Tobacco	. . 325,000	War tax, new
Cotton, 1 <i>l.</i> per lb.	. 230,000	do.
Coals, 1 <i>s.</i> at the pit	. 500,000	Tried and failed
Candles	. . 200,000	Impracticable
Hides	. . 80,000	do.
Private brewing	. 500,000	Unproductive
Broadcloth	. . 500,000	

If from this list we omit the headings relating to coals, candles, and broadcloth, we have, in the remaining suggestions it contains, hints for the most important additions to taxation, under particular as opposed to general heads, proposed subsequently in the war.

In 1810 the course of the imposition of new taxes 1810-11. was by general consent suspended ; but in 1811, the duty on the distillery was raised to the equivalent to 10*s.* 2*d.* the imperial gallon, while for imported spirits (except colonial rum) the duties were increased by 12·10 per cent. In this year, Pitt's tax on hats was repealed as having proved impracticable and unproductive.² His

¹ Diary of the right hon. George Rose, ii. 416.

² See as to spirits, 51 Geo. III. c. 59 ; hats, c. 70.

tax on gloves and mittens had been given up in 1794 for the same reason ; and Spencer Perceval expressed a hope that ‘ when it should be generally known that the taxes on hats and gloves were given up as impracticable and unproductive, the intelligence would not be thrown away upon those gentlemen who, in their anxiety to assist the chancellor of the exchequer in discovering new objects of taxation, honoured him with their communications. There was not an article of dress—boots, shoes, leather breeches, &c.—not an article in a house—locks, keys, bells, &c., which had not been frequently recommended, no doubt with the best of motives, as objects of taxation. If the fact of giving up this tax should have the effect of putting a stop to communications of that description it would save the treasury much inconvenience.’¹

In order to recoup the revenue, Spencer Perceval proposed a new tax on American cotton, but this proposal encountered such determined resistance from Peel and Baring that it was withdrawn.

1812. The Perceval administration, which had continued in power under the Regent, had experienced rough handling in the Commons on the questions relating to the Convention of Cintra and the unfortunate Walcheren expedition, and required some addition of strength. In 1812, when the regent became, practically, king, his former friends of the whig party had expectations of promotion ; but the offers which reached lords Grenville and Grey, through the duke of York, were not such as they could accept ; and now Wellesley, dis-

¹ Ann. Reg. 1811, pp. 65, 70.

appointed in the hope he had entertained that events would place him in the supreme post with his friend Canning in office, resigned the post subordinate to Spencer Perceval he disdained any longer to hold, and Castlereagh succeeded him at the foreign office and remained there until his death in 1822.

Spencer Perceval had only received his new lease of power from the regent a few months, and had prepared a budget to meet the increased taxation necessary for the continuation of the war, with vigour, in Spain, when he was assassinated, in May. The cabinet, considering themselves unable to carry on the government under Hawkesbury, now earl of Liverpool, without reinforcement, now entered into negotiations with Wellesley. But Wellesley and Canning were inseparable; and Canning, though reconciled to Castlereagh, was not, at the time, willing to accept office with him. In the result the administration was continued under Liverpool, with earl Bathurst as successor to him in the post of secretary for war and the colonies. Mr. Richard Ryder resigned the home office in favour of lord Sidmouth (Addington). Castlereagh took the lead in the house of commons; and Vansittart became chancellor of the exchequer.

Vansittart's first budget was, in effect, the budget of Spencer Perceval; having only a short time to prepare a plan, he adopted, in the main, that of his predecessor in office. Its principal features consisted in an increase in the duties on leather, the manufacture of which for home consumption and for exportation had considerably increased of late years, to produce

325,000*l.*, and an increase in the duties on the manufacture of glass, to produce 328,000*l.* per annum. Another 308,000*l.* was expected from a repeal of the bounty on exported printed goods, which had grown from a small charge to a great amount, and was now unnecessary for the encouragement of the export trade. An increase in the duty on tobacco of 2*d.* the pound would produce 107,000*l.*; and a tax on property bought in at auctions 100,000*l.*

Among the proposals for taxes in Spencer Perceval's plan was one for a tax on private brewing establishments. This Vansittart did not adopt. In lieu thereof he proposed additional duties on establishments consisting of male servants, carriages, horses, and dogs; an increase in the duty on game certificates, and a considerable increase in the tax on agricultural and trade horses: to produce in all 515,000*l.*

Altogether the increase in taxation for the year would amount to 1,683,000*l.*

The budget proposals were approved by Huskisson, who said he was decidedly of opinion that a more judicious selection of new taxes could not have been made. But strong objections were raised, by Western, to the increase in the tax on agricultural horses. While the additional tax on leather, opposed by Brougham, on the ground of his objection to the principle of the tax, after passing in the Commons, formed the subject of a division in the house of lords. But eventually all Vansittart's proposals were carried into effect,¹

¹ See as to glass, leather, and tobacco, 52 Geo. III. c. 94; bounties, c. 96; servants, carriages, horses, dogs, and game certificates, c. 93.

with the exception of the proposed tax on property bought in at auctions.

In 1813 another addition of 2*d.* the pound was made to the duty on tobacco, in substitution for, and to produce 100,000*l.*, the same amount as, the proposed tax on property bought in at auctions abandoned in the previous year. Another *general rise was made in the customs duties*, to produce from 850,000*l.* to 900,000*l.* : the last considerable general increase had been made by Addington in 1804, and in 1805 and 1806 there had been smaller increases ; the addition, of 25 per cent., now made as a temporary or war tax, affected timber and all other articles subject to customs, except tea, sugar, wine, raw silk, and cotton wool. Further duties were imposed upon all French wines, and 66*l.* 13*s.* 4*d.* per cent. additional upon all other French goods ; but a second proposal for a tax on cotton from America proved as unsuccessful as that of Spencer Perceval had proved in 1811, and was abandoned by Vansittart in consequence of the determined opposition of Baring and other influential members of the House.¹ 1813.

In the next year, Napoleon, who had been weakened by losses in the campaign against Russia which had practically destroyed the Great Army, proved unable to resist the advance of the Allies upon Paris, which they entered in March. His abdication, and retirement to Elba, were followed by the restoration of the monarchy and the peace of Paris ; and as the war with the United States which had arisen in consequence of our Orders 1814.

¹ See as to customs, 53 Geo. III. c. 33 ; tobacco and French wines, c. 34.

in Council, was subsequently ended by the treaty of Ghent, there appeared to be a fair prospect of a cessation of the long drain upon our resources which had continued almost without intermission since 1792. The temporary or war duties were indeed continued, but we repealed the special percentage on French goods imposed in the previous year, and no new taxes were imposed.

1815.

The next year proved as expensive to us as any in the war. Questions that arose between the Allies, at the Congress of Vienna, seemed to Napoleon to afford a chance for a renewal of the contest with success; and his escape from Elba, followed by the flight of Louis XVIII. into Belgium, placed him in a position to continue the struggle through the famous Hundred Days which formed the closing scene in the Great War. The last additions to taxation made for the purposes of the war became law on July 11, and therefore the new duty on newspapers did not touch those that spread the welcome news of Waterloo, June 18. Advertisements in newspapers were also further taxed, and almanacs, and the manufacture of gold and silver plate; an additional duty had been imposed in March upon tobacco and the numerous licenses for various trades and business subject to the excise. Stage-coaches were further taxed. The taxes on property devolving in consequence of a death, *i.e.* the probate and legacy duties, and those on property insured from fire or from sea risk, were raised in amount; and lastly, in another Consolidation Act, the various stamp duties on deeds and instruments, in-

cluding the fruitful headings of bills and promissory notes and receipts, were considerably increased. From tobacco and excise licenses an additional 600,000*l.* of revenue was expected; while the other additional taxes of the year, with an addition for the postage on letters, would produce no less than 1,200,000*l.*¹

¹ See as to tobacco and excise licenses, 55 Geo. III. c. 30; stamps consolidation, including probate and legacy and property insured against fire or sea risk, c. 184; advertisements, almanacs, newspapers, plate, and stage-coaches, c. 185.

BOOK III.

TAXATION IN THE ZENITH.

1815—1842.

CHAPTER I.

TAXATION IN 1815.

CHAPTER II.

AFTER THE GREAT WAR. THE LIVERPOOL
ADMINISTRATION FROM 1816—1822.

CHAPTER III.

THE LIVERPOOL ADMINISTRATION TRANSFORMED.
1822—1827.

CHAPTER IV.

THE WELLINGTON ADMINISTRATION. 1828—1830.

CHAPTER V.

THE GREY ADMINISTRATION. 1830—1834.

CHAPTER VI.

THE MELBOURNE ADMINISTRATION. 1834—1842.

CHAPTER I.

TAXATION IN 1815.

Population, national debt and revenue. Sources of revenue. 1. Direct taxes. 2. Taxes on articles of consumption. 3. Stamp duties. Sydney Smith on taxes due to wars. Portrait of the 'truly free Englishman.'

IN 1815, when taxation in this country reached the zenith at the conclusion of the great war with France, the population of the United Kingdom, if we allow rather more than eleven millions for England, two for Scotland, and six for Ireland, numbered between nineteen and twenty millions. The national debt amounted to about eight hundred and sixty millions, which, if we take the population at twenty millions, would be 43*l.* per head ; and the annual charge of the debt was about thirty-two millions.

Our revenue from taxes, raised in amount from seventeen millions before the war to sixty-eight millions and a quarter for Great Britain, formed, together with six millions and a quarter from Ireland, a total of seventy-four millions and a half for the United Kingdom. This was derived mainly from the following sources :—

I.—DIRECT TAXES.

Great Britain.

1. The old land tax, the 'annual land' of former times, rendered perpetual by Pitt, now formed, in

effect, an imperial rent-charge on the different districts charged in the Act of 1798, within which the tax was redeemable by the taxpayers. Originally the amount of the land tax had been about two millions; the unredeemed portion was about 1,196,000*l*.

2. The two taxes on houses—viz., the window tax and North's tax on inhabited houses, and the taxes on establishments, consisting of Pelham's tax on carriages, North's tax on men-servants, and Pitt's taxes on saddle and carriage horses, race-horses and dogs, and the cognate taxes for hair powder and armorial bearings, formed a group of taxes on persons by reference to their expenditure. These had been raised by means of additional percentages on the whole group and additions to the particular taxes separately, to excessive rates; and the yield was about 6,500,000*l*.

3. The property and income tax, as raised by the Grenville ministry to 10 per cent., or 2*s*. in the pound, produced for every penny 608,000*l*., or in the whole, 14,600,000*l*.

4. The taxes on property on its devolution on death, consisting of the probate and legacy duties, touched only personal property as opposed to land, Pitt having failed in his attempt, in 1796, to obtain the sanction of the legislature to an extension of the tax to successions to land. And they produced about 1,297,000*l*.

5. The tax on property insured against risk from fire, originally imposed by North in the war of American Independence, and that on property insured against sea risk, imposed by Pitt in the late war, raised

to very high rates, produced, the former more than 518,000*l.*, and the latter over 400,000*l.*; in all about 918,000*l.*

6. The tax on property sold at public auction, first imposed by North in the war of American Independence, produced about 284,000*l.*

7. Of the various taxes on persons providing the means of locomotion by the public—in the metropolis by hackney carriages, and in Great Britain in stage coaches or with post-horses, that on hackney coaches and cabs (cabriolets—a recent item of charge) produced 29,000*l.*; the coach business, recently additionally taxed by Vansittart, 223,608*l.*; and post-horses, about 219,000*l.*, giving a total from these taxes of about 471,608*l.*

Many trades, businesses, and professions were liable to taxes imposed upon some act necessary before beginning to practise, or upon an annual license required for the trade, business, or profession. Thus, a doctor paid 25*l.* on his admission as a fellow of the college of physicians, and a barrister, 25*l.* on his admission to an inn of court, and 50*l.* on his call to the bar. Physicians and barristers were not required to take out any annual license; but an attorney, in addition to 120*l.* on his articles of clerkship, and 25*l.* on his admission to practise, was also subjected to an annual license for the exercise of his profession, costing 12*l.*, and a similar amount was required annually from every conveyancer or special pleader below the bar—a sum 2*l.* in excess of the 10*l.* payable in 1804, which had proved sufficient to deter Campbell from com-

mencing in that year the career which eventually placed him upon the woolsack. Annual licenses were also required for bankers who issued notes, chargeable with 30*l.*, and for pawnbrokers, appraisers, sellers of gold and silver plate, and hawkers and pedlars, the licenses involving payments varying in amount. The yield of these special taxes was not, however, in the whole, considerable. While the duties charged on a great variety of annual licenses for traders in excisable commodities, such as dealers in and retailers of excisable liquors—beer, wine, sweets and spirits, makers of candles, paper, soap, &c., &c., may be regarded as, in effect, additions to the duties on the articles excised.

8. The yield of the tonnage on shipping was: outwards, 72,234*l.*; inwards, 99,417*l.* Total, 171,651*l.*

Such were the principal direct taxes.

II.—TAXES ON ARTICLES OF CONSUMPTION.¹

(a) *Eatables.*

The principal taxes on articles of consumption in the form of eatables were those on salt, sugar, raisins, currants, and pepper.

The duty on salt, which Pitt had been compelled under pressure of the war to raise, first to 10*s.*, and lastly, in 1805, to the excessive rate of 15*s.* the bushel,

¹ The amounts are taken from the Account of Public Income for the year ended January 5, 1816. Finance Reports 1816. In the customs, Great Britain, the net produce is given. In the excise, England and Scotland, the gross receipt is given, less exports. In the branches of stamps and taxes, the gross receipt is given.

produced at that rate 1,616,124*l.*, and the customs on salt, 547*l.*; forming a total of 1,616,671*l.*

The duties on sugar, raised by additions on several occasions to 1*l.* 10*s.* the cwt., yielded, after deducting drawbacks and bounties which amounted to 1,552,000*l.*, 2,957,403*l.*

Plum puddings and raisins for dessert were taxed to the amount of 127,000*l.* The favourite currant dumplings of the lower classes produced 280,000*l.*; and pepper, 87,000*l.*

(*b*) *Drinks.*

The principal taxes on articles of consumption in the form of, or capable of producing, drinks were those on beer, wine, spirits, tea and coffee.

The duty on beer, which, on the repeal of the income tax in 1802, had been raised by Addington to 10*s.* the barrel for strong beer, and 2*s.* the barrel for table beer, produced 3,330,044*l.*; the duty on malt, raised at the same time, from 1*s.* 0 $\frac{1}{4}$ *d.* the bushel to 2*s.* 5*d.*, and, on the recommencement of the war, to 4*s.* 5*d.*, produced 6,044,276*l.*; and that on hops, 222,026*l.* If we add the produce of the licenses to brewers, and licenses for the sale of beer, the total produce of the taxes falling on beer may be taken at 9,900,000*l.*

The smuggling of wine along the southern coast did not prevent the realisation of a considerable revenue from the wine cask; the duty on wine, with the duties on the licenses for the sale of wine, produced 1,900,772*l.*

The distillery, that is to say, gin, whisky, and British brandy, gave 3,459,088*l.*; and foreign and colonial spirits, that is to say, brandy and rum, 2,917,818*l.*: a total produce of 6,376,906*l.*, or if the revenue from licenses be added, about 6,700,000*l.*

The total produce of the taxes on the alcoholic liquors, beer, wine, and spirits, was therefore, at this date, about 18,500,000*l.*

The minor taxes on cider, perry, and verjuice produced about 20,000*l.*; the tax on sweets and mead about the same amount.

The duty on tea, raised since the commencement of the war, by successive additions, from 12·10 to 96 per cent. on all sorts of teas, produced 3,591,350*l.*, and the duty on coffee 276,700*l.*

(c) *Tobacco.*

From tobacco and snuff we derived a revenue of 2,025,663*l.*¹

(d) *Articles of Consumption not Eatables, Drinks, or Tobacco.*

The taxes on articles of consumption not eatables, drinks, or tobacco, touched coal, a great variety of articles forming the raw materials for building houses, ship-building and other manufactures, and many of the most important of our manufactures, some of which again formed the raw material for building or for other trades.

¹ This includes the yield of the customs, and the excise consolidated duties, temporary war duties, and annual duties.

The duties on coal and culm, and slates and stones, carried coastways, produced 871,165*l.* and 44,632*l.*; in all 915,797*l.*

Those on timber of various sorts, and in various stages of manufacture, 1,802,000*l.*, of which deal and deal ends contributed 735,000*l.*, and fir timber 472,000*l.*

Those on cotton wool 760,000*l.*; those on raw and thrown silk, 450,000*l.*; those on hemp, 285,000*l.*; while the duties on barilla produced 59,000*l.*; on indigo 86,000*l.*; on pearl and potashes, 52,000*l.*; on bar iron, 63,000*l.*; and on skins and furs 37,000*l.*

The taxes on manufactures which in their turn form the raw material for other trades or for house-building, fell on leather, which, doubled by Vansittart in 1813, produced 698,342*l.*; soap, which produced 747,759*l.*; and bricks and tiles, which, raised in amount by three additions during the war, produced 269,121*l.* The tax so unfortunately re-imposed by Legge upon glass produced 424,787*l.* The other taxes on manufactures originally imposed in the war of the Spanish Succession, at the same time as those on leather and soap, viz., those on candles, paper, printed goods, and newspapers, produced—from candles, 354,350*l.*; printed goods, 388,076*l.*; paper, the manufacture of which had recently increased enormously, 476,019*l.*; newspapers, 383,000*l.*; and advertisements, 125,000*l.*¹

To the produce of the taxes before enumerated, which give a total of 3,866,454*l.*, may be added that of the minor taxes of this description, viz., those on

¹ Gross receipt, deducting for exports. The deduction under this head for printed goods was 910,815*l.*; for glass, 428,346*l.*

starch, stone bottles, wire, plate, medicines, and cards and dice, which produced amounts comparatively insignificant.

To enumerate all the articles included in the tariff is impracticable in a work of this sort. The duties had been raised by addition upon addition to very high rates, and in many cases were practically prohibitory duties. The produce of several of the most important contributories has already been stated. The remaining items produced lesser amounts, decreasing to insignificance, for instance: pill-boxes yielded, in Scotland, only 18s. 10*d.*; while the gross produce of the permanent duties on saltpetre was 2*d.*, and that of the war duty, 1*d.*; but numbers tell, and the total yield of these items, amounting to several hundreds, was no less than 1,188,000*l.*

The duties 'outwards,' that is, payable in respect of certain foreign goods exported, and alum, coals and culm, copperas, lead, and tin, with the small percentage duty on British goods exported, produced 364,417*l.*

The list of instruments liable to stamp duty, to be counted, as the tariff, by pages, extended to 'every species of written or printed document necessary for carrying on the business of mankind.'¹ The duties were excessive in amount, unequal and arbitrary in the scales on which they were imposed, having, in general, the effect of taxing small transactions at a higher rate than large transactions. And the stamp laws, thick-set with anomalies, were so numerous, intricate, compli-

¹ Chitty, Stamp Laws.

cated, and in many instances conflicting, that penalties were incurred by the best-intentioned persons, and questions arose which puzzled the most acute intellects.

One of the most productive items in the list was North's duty on bills of exchange and promissory notes, which had been increased to produce 841,000*l.*, or, including the composition for bankers' notes, 900,000*l.*

The tax on receipts, originally imposed by the Coalition, which had also been increased several times, produced 210,000*l.*

The main body of the tax, increased by Pitt in 1797, by Addington's and Perceval's consolidations of 1804 and 1808, and recently by Vansittart's consolidation of 1815, consisted of the duties on conveyances, leases, bonds and mortgages, settlements of personal property, and other instruments, and included the fruitful general charge on 'deeds not specifically charged' now raised from 6*d.* in the original Stamp Act to 1*l.* 15*s.* These duties produced about 1,692,000*l.*

A summary of the foregoing may be given as follows :—

I.—DIRECT TAXES.

	<i>£</i>
The land tax	1,196,000
The taxes on houses and establishments	6,500,000
The income tax	14,600,000
The tax on succession to property	1,297,000
Property insured	918,000
Property sold at auction	284,000
Coaches, posting and hackney cabs	471,608
Tonnage on shipping	171,651
	25,438,259

II.—TAXES ON ARTICLES OF CONSUMPTION.

(a) *Eatables* :—

	£
Salt	1,616,671
Sugar	2,957,403
Currants, raisins, and pepper	494,000
	<hr/> 5,068,074

(b) *Drinks* :—

	£
Beer	3,330,044
Malt	6,044,276
Hops	222,026
Wine	1,900,772
Spirits	6,700,000
Tea	3,591,350
Coffee	276,700
	<hr/> 22,065,168

(c) *Tobacco* :— 2,025,663(d) *Articles, not eatables, drinks, or tobacco, viz. coals and raw materials for manufactures, buildings, ship-building, and other trades* :—

	£
Coals and slate	915,797
Timber	1,802,000
Cotton wool	760,000
Raw and thrown silk	450,000
Barilla, indigo, potashes, bar iron, and furs	297,000
Hemp	285,000
The duties outwards	364,417
Other customs duties	1,188,000
	<hr/> 6,062,214

(e) *Manufactures* :—

Leather	698,342
Soap	747,759
Bricks and tiles	269,121
Glass	424,787
Candles	354,350
Paper	476,019
Printed goods	388,076
Newspapers	383,000
Advertisements	125,000
	<hr/> 3,866,454

III.—STAMP DUTIES.

	£
Bills and notes	841,000
Receipts	210,000
Other instruments	1,692,000
	<u>2,743,000</u>

The revenue from taxes in Ireland in the same year, 1815, ended January 5, 1816, was in British currency as follows:—

	£
Customs	2,356,544
Excise ¹	3,298,309
Specially appropriated duties	43,209
Stamps	560,661
	<u>6,258,723</u>

Such were the sources from which we derived our revenue from taxes at the end of the great war with France, in 1815. Of the produce of all these taxes, 32,000,000*l.* a year went to pay the interest on the debt caused by the wars in which we had been engaged during the last 130 years. The details above given will enable the reader to follow what Sydney Smith wrote on the subject in an article in the ‘Edinburgh Review’ in 1820. ‘We can inform Brother Jonathan,’ he writes, ‘what are the inevitable consequences of being too fond of glory. Taxes upon every article which enters into the mouth or covers the back or is placed under the foot. Taxes upon everything which it is pleasant to see, hear, feel, smell, or taste. Taxes upon warmth, light, and locomotion. Taxes on everything on earth or under the earth, on every-

¹ This includes quit rents and other revenue under the management of the commissioners of excise.

thing that comes from abroad or is grown at home. Taxes on the raw material, taxes on every fresh value that is added to it by the industry of man. Taxes on the sauce which pampers man's appetite, and the drug which restores him to health ; on the ermine which decorates the judge, and the rope which hangs the criminal ; on the poor man's salt and the rich man's spice ; on the brass nails of the coffin, and the ribbons of the bride ; at bed or board ; couchant or levant, we must pay. The schoolboy whips his taxed top ; the beardless youth manages his taxed horse, with a taxed bridle, on a taxed road ; and the dying Englishman, pouring his medicine, which has paid 7 per cent., into a spoon that has paid 15 per cent., flings himself back upon his chintz bed, which has paid 22 per cent., and expires in the arms of an apothecary who has paid a license of a hundred pounds for the privilege of putting him to death. His whole property is then immediately taxed from 2 to 10 per cent. Besides the probate, large fees are demanded for burying him in the chancel. His virtues are handed down to posterity on taxed marble, and he will then be gathered to his fathers to be taxed no more.'

Previously in the article he had noticed the number of licenses required under the existing system of taxation. 'A truly free Englishman,' he wrote, 'walks about covered with licenses. It is impossible to convict him. He has paid a guinea for his powdered head, a guinea for the coat of arms upon his seals, a three-guinea license for the gun he carries upon his shoulder to shoot game, and is so fortified with

permits and official sanctions that the most eagle-eyed informer cannot obtain the most trifling advantage over him.’¹

Comparing the burdens of the present generation with those of their grandfathers, the late lord Derby in a speech at Liverpool sums up :—‘ With everything taxed that could be taxed, and an income tax at 10 per cent., truly our grandfathers had something about which to grumble.’

¹ Sydney Smith, *Works*, ii. 112, 117.

CHAPTER II.

AFTER THE GREAT WAR.

THE LIVERPOOL ADMINISTRATION FROM 1816 TO 1822.

TOTAL REPEAL OF THE INCOME TAX and the war malt duty in 1816. Additional duty on soap. Report of Castlereagh's select committee on income and expenditure in 1819. Additional duties on malt, spirits, tobacco, foreign wool, and other articles. The deficits of 1820 and 1821. Repeal of the tax on agricultural horses. Repeal, in 1822, of the additional duty on malt and half the duty on leather. Repeal of the duty on salt, the tonnage on shipping, and the hearth and window taxes in Ireland.

OF all the burdens that one after another had been heaped upon the shoulders of the British taxpayer during the progress of the Great War, by far the most grievous was the income tax at 10 per cent. In 1802, after the peace of Amiens, when Pitt's income tax had been repealed by Addington, he had at the same time, in order to recoup the revenue to some extent, increased the taxes on beer and malt and the assessed taxes ; but this precedent Vansittart could not follow. Could he retain any part of the tax? That there would be considerable difficulty in reconciling the country to the continuance of any part of the income tax in time of peace was clear ; and yet without the tax it seemed impossible to keep up the necessary peace establishment.¹ The government decided to propose,

¹ Wellington to Castlereagh, Aug. 11, 1815. Despatches, xi. 112.

in lieu of a total repeal, a reduction of the tax by a moiety, to 5 per cent., to be accompanied by a repeal of the war malt, customs, and spirit duties, the window tax in Ireland, and some other duties of minor importance. But the expectations of the people that, on the return of peace, the income tax would be wholly repealed, would not brook disappointment. An ill-timed observation of Castlereagh regarding 'ignorant impatience of taxation' had the same effect in irritating the minds of the people as Walpole's observation about 'sturdy beggars,' at the time of his Excise Bill, and increased the opposition to the proposal to retain the tax at half rates. The total repeal of the tax formed the subject of innumerable petitions to the house of commons, a course in which Brougham, as an agitator, and the citizens of London as petitioners, took the lead. And, after prolonged debates in the House, the government reluctantly abandoned their original proposal, and instead of retaining the income tax at half rates, gave it up in toto.

The tax produced 14,320,000*l.* Under this head, therefore, an amount of seven millions of revenue more than had been intended was relinquished. But the ministry, notwithstanding the forced change in their plans, could not, in view of the agricultural distress that prevailed, retract their proposal for the reduction of the war malt duty.¹ This involved a further loss to the revenue of 2,790,000*l.*, and other duties were repealed at the same time which produced over a million.²

¹ Duty under 53 Geo. III. c. 81 and Acts continuing the same allowed to expire July 5, 1816. Duty reduced in Ireland by 56 Geo. III. c. 59.

² The war customs, spirits, &c.

Thus, therefore, immediately after the war, at a single stroke, we struck out of the fiscal list taxes producing about eighteen millions of revenue, and shattered our fiscal system to pieces.

Vansittart endeavoured partly to fill the enormous void thus caused in the revenue, by additions to the customs and excise. Among these the most important was an addition to the duty on soap. This tax formed one of the quartet which, as a rule, had been excepted from the general rises in the excise duties which had frequently been made. It was acknowledged to press upon an article of necessity from which, except in cases of peculiar urgency, no further contribution should be required. This view, enforced by Adam Smith in the 'Wealth of Nations,' had been accepted by North, who deferred until 1782, the seventh year of the war of American Independence, that increase in the tax he made in his last budget which caused him to figure as 'Old Soapsuds' in the caricatures of the day. In the same view Pitt had, during his long career at the exchequer, abstained from making any addition to the tax even in the darkest hour of the Great War. When, therefore, in a time of peace, Vansittart raised, as he now did, the duty on this article of necessity from $2\frac{1}{4}d.$ to $3d.$ the pound,¹ to produce an additional 230,000*l.*, a well-known print of the day expressed not merely the sentiments of 'Betty, the Washerwoman,' but the prevailing or indeed the general feeling of astonishment: 'Lor', Mr. Vansittart, who would ever have thought of seeing you in the washing-tub?'

¹ 56 Geo. III. c. 44.

In 1818 a considerable improvement in the general condition of the country was reflected, as it invariably is, in the returns of revenue, but there was a considerable agitation for the repeal of the taxes on salt, leather, and houses in Ireland. The dissolution of the parliament of 1812, in June, was followed by elections involving a gain to the opposition of from fourteen to twenty-three seats. And the prosperity of the country continued throughout the summer and autumn, with a corresponding advantage to the revenue.

In the next year a most unfortunate addition to our taxes was made, substantially, with a view to prop up the Sinking Fund system. A select committee of the House, appointed on the motion of Castlereagh, February 8, consisting almost entirely of the members who had formed the Finance Committee of the last parliament, made their report, and the chancellor of the exchequer read to the House, June 3, the resolutions he intended to bring forward as founded on that report, as follows:

Since the war we had repealed taxes yielding a revenue of 18,000,000*l.* and upwards

The Act to consolidate the revenues of Great Britain and Ireland¹ from January 17, 1817, had cost us about 1,900,000*l.*; for the separate revenue from Ireland was only 4,500,000*l.*, as against a charge for the funded and unfunded debt of 6,400,000*l.*, including therein the sum of 2,400,000*l.* as the sinking fund applicable to the reduction of the debt.

13,500,000*l.* had to be raised by loan or other extraordinary resource for the year.

¹ 56 Geo. III. c. 98.

The sinking fund applicable to the reduction of the national debt was 15,000,000*l.*, exceeding the sum necessary for the service of the year by 3,000,000*l.*

To provide for the exigencies of the public service ; to make such progressive reduction of the national debt as might adequately support public credit ; and to afford the country a prospect of future relief from part of its present burdens, it was absolutely necessary that there should be a clear surplus of the revenue of the country beyond the expenditure, of 5,000,000*l.* ; and, with a view to the attainment of this important object, it was expedient now to increase the revenue by the imposition of taxes to the amount of 3,000,000*l.* per annum.

The duties proposed were :—

	£
1. A consolidation of customs, including 200,000 <i>l.</i> of increased duty on foreign wool	500,000
2. Malt	1,400,000
3. British spirits	500,000
4. Tobacco	500,000
5. Coffee and cocoa	130,000
6. Tea	130,000
7. Pepper	30,000
	<hr/>
	3,190,000

The resolutions were passed on June 7, and the budget was introduced on June 9. The taxes for which resolutions had passed were granted.¹ Twelve millions

¹ See as to tea, raising the duties to 96 and 100 per cent. on the different sorts, coffee and cocoanuts, tobacco, pepper, malt, and spirits, 59 Geo. III. c. 53 ; customs consolidation, raising the duty on foreign wool, c. 52.

In a memorandum forwarded to Liverpool, Huskisson now recommended the cancellation of the sinking fund. Younge, Liverpool, ii. 382.

were taken as a loan from the sinking fund ; and there was a new loan of the same amount.

This year, memorable as the year of the unfortunate Peterloo riot and the passing of The Six Acts, was one of continuous distress, and the revenue fell off proportionately.

A deficit for 1820 was covered by means of a loan. 1820-1.
Another loan covered another deficit for 1821. The financial failure of the new taxes of 1819 was now evident ; it was clear that the additional malt duty could not long be maintained, and on March 22, Western carried, in the house of commons, a motion for the repeal of that duty, which had a practical result in the following year.

Later on in the session, an important concession to the general desire for the repeal of a tax was wrung from the government. The tax on agricultural horses, imposed by Pitt in the third year of the Great War, had been raised during the war, in a time of great agricultural prosperity, by means of several additions, to a considerable tax. It now formed the subject of constant complaints. In principle as bad a tax as can be imagined, it was unfair in its incidence, as scarcely touching grass lands, some of the richest in the country. The agricultural committee then sitting had condemned the tax, it was known, but they had not yet reported. The government desired to defer action until after the report of the committee, but this was not to be. In June mr. Curwen, bringing forward a motion for the repeal of the tax, carried it by a majority of twenty eight votes ; the government yielded, and the tax was

repealed by an Act passed in July.¹ It produced about 450,000*l.* per annum.

1822. In 1822, by means of the creation of the Navy 3 per Cents. and the dead-weight annuities, and 10 per cent. taken from the salaries of the civil servants of the crown towards the payment of their superannuations, a considerable reduction in our expenditure was effected,² and the government, in accordance with the vote of the House in the previous session regarding the additional duty on malt, gave up almost the whole of the duty imposed in 1819, retaining however 2*d.* of the duty, so that the loss from the repeal was but 1,400,000*l.*

But this repeal, practically the result of the fierce
 • contests on the subject followed by Western's victory of the preceding year, did not satisfy the universal desire for a considerable remission of taxation. There were other claimants for redress, to whom the ministry were now compelled to attend. A number of articles most necessary in every stage of the life of man were affected by the tax on leather; and no measure of Vansittart's had proved more unpopular than that imposition of the double duty in 1812, which had caused Moore to term him the 'devout man of leather.' The

¹ 1 & 2 Geo. IV. c. 110.

² Navy 3 per Cents. 1,200,000*l.*, dead-weight annuities 2,100,000*l.*, civil service 373,000*l.* The dead weight annuity scheme, an intricate contrivance for feeding the Sinking Fund, was, substantially, a plan to raise a loan by deferred annuities. The 'Dead Weight' as was termed 4,900,000*l.* of annual charge for half-pay and pensions of the army and navy and civil retired allowances, a charge estimated to cover a certain number of years, was to be commuted for an annual charge of 2,800,000*l.*, for a longer period, viz. forty-five years. See 3 Geo. IV. c. 51. The scheme proved a failure; only about half a million of annuities being taken up, by the Bank. The Bank dead weight annuity fell in in 1867.

tax was now reduced by a moiety,¹ at a cost to the revenue of about 300,000*l.* a year.

And now, at last, the duty on salt was totally repealed. The original excise on salt under the commonwealth had been one of the most unpopular of the excises, and as such was subsequently repealed, but only to be reimposed after the Revolution, in the war with France. This tax was also extremely unpopular, and was repealed by Walpole in 1730, but was reimposed by him, in 1732, in the hope of keeping the land tax at a low rate. Raised by Pitt under the pressure of the Great War, in 1798, to 10*s.* the bushel, it was, in 1801, absolutely condemned in the report of a committee of the house of commons on the subject. The recommencement of the war had prevented the execution of this sentence, and in 1805 the duty was raised to 15*s.* the bushel. In February a motion for the gradual repeal of the tax had been lost by only four votes, 169 voting against 165. The government now decided to take the course suggested, and reducing the rate at once to 2*s.*, reimposed the tax at that rate only until 1825, when the tax was to determine.

The immediate loss to the revenue from this reduction in the salt duty was about 1,400,000*l.* Another 150,000*l.* was given up by the repeal of the tonnage on shipping, and 240,000*l.* more by the repeal of the unpopular and detrimental hearth-money and window tax in Ireland.² The total remission for the year amounted to 3,500,000*l.*

¹ See as to malt, 3 Geo. IV. c. 18; leather, c. 83.

² See as to salt, 3 Geo. IV. c. 82; tonnage on shipping, c. 48; hearths in Ireland, c. 54.

CHAPTER III.

THE LIVERPOOL ADMINISTRATION TRANSFORMED.

1822 TO 1827.

Peel, Canning, Robinson, and Huskisson join the Administration. Reversal of the policy of the sinking fund. Repeal of half the window tax and half the taxes on establishments in Great Britain. Total repeal of the taxes on establishments in Ireland. Reduction of the duties on spirits in Scotland and Ireland. Reforms by Robinson and Huskisson in our commercial taxation. Reduction of the duties on raw and thrown silk. Huskisson reforms the silk trade. Reduction of the duty on wool. Repeal of the prohibition to export sheep and wool. The Union duties abolished. Reduction of duty for coal to London. Reduction of the duty on rum. The stamp duties on law proceedings abolished. Reduction of house and window duty for small houses. Other reductions for hemp, coffee, wine, spirits in England and other articles. Huskisson's tariff of 1825. Consolidation of the customs' laws. Robinson's review of the fiscal situation in 1826. Hume's counterstatement. Reduction of the duty on tobacco. Canning forms an administration in February 1827. His death in August.

A TRANSFORMATION of the Liverpool administration commenced in 1822, when the veteran Sidmouth, acknowledging, on the score of his advancing years, that the tempus abire had arrived, though still reluctant to resign the 'pleasing, anxious being' of public life, at last screwed up his courage to resignation point, and left a vacancy at the home office which was soon filled with distinguished ability by Peel. In August, when the unfortunate end of Londonderry created a vacancy at the foreign office, the king, persuaded by Liverpool

and the duke of Wellington of the necessity of placing Canning in office, appointed him to fill the vacant post; and he now took the lead in the house of commons.¹ A third alteration was due in no small degree to the influence of Canning, exerted in favour of Frederick John Robinson, a son of the second lord Grantham, subsequently viscount Goderich and earl of Ripon. He had been at the board of trade since 1818, and was now appointed chancellor of the exchequer in the place of Vansittart, who, an acknowledged failure in finance, was induced to take the sinecure chancellorship of the duchy of Lancaster, with a peerage as lord Bexley. The transformation was completed by the appointment of Huskisson, who could no longer be excluded from office, to succeed Robinson as president of the board of trade, Wallace, who as vice-president had a certain kind of claim to the higher post which would have rendered it difficult for him to serve under Huskisson, being appointed master of the mint.

As thus transformed, the Liverpool administration, with Peel and Canning as the secretaries for home and foreign affairs, Robinson as chancellor of the exchequer, and Huskisson at the board of trade, lord Palmerston retaining the post of secretary at war he had held since 1809, certainly could no longer with reason be termed an administration of 'mediocrities.' The effect of this infusion of new blood into the ministry was soon evident in our fiscal as well as in

¹ Canning had re-entered the cabinet in 1816, as president of the board of control, but had resigned office in January 1821.

our foreign affairs. While Canning was effecting the reform of our policy abroad, and cutting the nation away from the bonds of the 'holy alliance,' Robinson, in conjunction with Huskisson, commenced reforms at home which led eventually to the substitution of free trade in lieu of the protection of particular interests.

The policy of Vansittart, of borrowing with one hand to pay with the other, the policy of maintaining an enormous sinking fund for the payment of debt, by means of annual loans, had been strongly criticised by Huskisson in the memorandum on the subject of our financial situation he submitted to Liverpool in 1819, in which he had pointed out that the only source from which debt can be paid is the excess of annual revenue over expenditure. In order to pay debt, money must be had, and our single source was taxation. But his arguments had failed to penetrate the adamantine conservatism of Vansittart.

1823.

The first fiscal step of the transformed administration was in the direction pointed out by Huskisson, and consisted in the *reversal of the policy of the sinking fund*. From this source, while still leaving five millions for the reduction of debt, Robinson obtained a surplus which enabled him in his first budget to repeal a moiety of the duties for the window tax, and a moiety of the duties on establishments consisting of carriages, men-servants, and horses in Great Britain; taxes all charged at the excessive rates to which they had been raised in the war.¹ While in Ireland, where the hearth and window taxes had

¹ 4 Geo IV. c. 11.

been repealed in the preceding year, and the taxes on establishments, if retained at half rates, would probably not yield sufficient revenue to repay the cost and trouble of collection, the taxes on carriages, men-servants, and horses were repealed, and also the tax on dogs,¹ leaving Ireland free from taxes on establishments. The loss from the reduction of taxes in Great Britain was estimated at 2,500,000*l.* While the taxes repealed in Ireland produced about 100,000*l.* a year.

A reduction in the spirit duties in Scotland and Ireland, made in accordance with the recommendation of the commissioners of revenue enquiry, and in the hope of checking illicit distillation in those parts of the United Kingdom, where it was general,² was crowned with such signal success in the increase in the consumption of duty-paid spirits that, in lieu of the expected loss to the revenue, this measure was followed by an increase in the yield.

In 1824, Robinson, taking the surplus of the consolidated fund towards the supplies of the year, was able to continue his course in the reduction of taxation. He now commenced, with Huskisson, important reforms in our commercial taxation. ‘Why not,’ the chancellor of the exchequer urged in his budget speech, ‘emancipate the commerce of Great Britain? Why not sever the cords that tie her down to the earth, and let her spring aloft to convey the produce of our industry to every quarter of the world? What period could be more auspicious? Everything prospered with us. . . . It was the best opportunity which could

1824.

¹ 4 Geo. IV. c. 9.² Ibid. c. 94.

be desired to cut the bonds of ancient prejudice which shackled the nation's energies, and spring forward with a new start in the pursuit of national wealth.'¹

The first, and perhaps the most important reform had reference to the silk trade. Robinson gave up more than 460,000*l.* of revenue, by a reduction of the import duties on raw silk and thrown silk; while Huskisson was able to pass, in this and the next year, measures for repealing the prohibition of the importation of foreign wrought silks,² for repealing the bounties on the exportation of silk manufactured articles,³ and for repealing the Act known as the Spitalfields Act and the other Acts that empowered the magistrates to regulate the wages of persons employed in the manufacture,⁴ in short, effectually to revolutionize the trade and place it upon a more satisfactory basis than the artificial arrangements previously in force.

Another reform had reference to the woollen manufacture, which was assisted by a reduction of the import duties on wool—sheeps' wool and hare and cony wool, which had been raised, unfortunately, in 1819, to excessive rates. While the agricultural interest received a boon in the repeal of the long-standing prohibition of the exportation and carrying coast-wise of sheep alive, sheeps' wool or any manufacture thereof, and hare and cony wool and skins. A small export duty of 1*d.* the lb. was imposed upon wool, and manufactures of wool put together so as to

¹ Ann. Reg. 1824, p. 67.

² From March 25, 1824, they were admitted on payment of a duty of 30 per cent. on the value.

³ 5 Geo. IV. c. 21.

⁴ Ibid. c. 66.

be capable of reduction to, and use again as wool;¹ but after allowance made for the produce of this tax, the measures relating to wool involved, in all, a loss of 350,000*l.* of revenue.

A third reform consisted in the abolition of the remainder of what were termed the Union duties. These duties, which obstructed the reciprocal intercourse of produce and manufactures between Great Britain and Ireland, had been partly repealed by an Act of the preceding year. Their total repeal was now effected at the desire of the Irish themselves, who had originally been fearful of the consequences of the repealing Act of 1823.² The loss to the revenue was estimated at 300,000*l.*

Another important reduction of duty had reference to coals imported into London, and was effected at a further loss of 200,000*l.* of revenue.

For the relief of the West India colonists, the duty on rum was considerably reduced. The loss was estimated at 150,000*l.* a year, but in the event, the revenue was fully recouped by an increase in the import of this colonial spirit.

Lastly, the stamp duties on law proceedings were repealed. Against these duties it had frequently been urged in the house of commons that such a tax was an infraction of the clause in Magna Carta, '*nulli vendemus rectum, aut justitiam.*' Bentham, in his writings had powerfully exposed the fallacy of the doctrine on which the existence of these duties had

¹ 5 Geo. IV. c. 47.

² 5 Geo. IV. c. 22; 4 Geo. IV. c. 26. The duties were imposed under Article VI. of the Union Acts. See 1 Geo. IV. c. 45.

been supported in argument. They were acknowledged to be in effect (as Mr. Mill has remarked of them) a tax on redress, and therefore a premium on injury; and they had been retained solely for revenue purposes. The proposal to repeal them, pressed by Mr. John Smith, was accepted by the chancellor of the exchequer, though at an estimated loss, not contemplated in his fiscal arrangements for the year, of considerably over 200,000*l*.¹

Taken in the whole the remissions of taxation, including the estimated loss for rum, amounted to about 1,700,000*l*.

1825.

The year 1825 is one of considerable importance in the annals of taxation. Under the arrangement effected in 1822, the remainder of the salt duties expired in this year, at a considerable loss to the revenue; but Robinson was able, nevertheless, to effect considerable reductions in direct and in indirect taxation. While refusing to abolish the assessed taxes, he granted for the poorer class of houses, viz., those under a rent of 10*l*., an exemption from the inhabited house duty; and for houses with not more than seven windows, an exemption from the window duty. These exemptions, which cost about 220,000*l*., were supplemented by others of minor importance, relating to taxable establishments; occasional waiters in taverns were no longer to be charged as servants, taxed carts and pony-carriages were exempted from

¹ See as to law proceedings, 5 Geo. IV. c. 41; and rum, c. 34. The loss by the repeal of the stamp duties on law proceedings is stated in the Inland Revenue Reports as 275,000*l*.

duty, and these, with other exemptions, cost, in the whole, about 50,000*l.* more.

Under the head of indirect taxes, the customs duties on hemp were reduced by a moiety, at a loss of 100,000*l.*; 150,000*l.* more was given up by a reduction of the duties on coffee and cocoa, which had, unfortunately, been increased in 1819; and the excise on cider was reduced. With a view to increase the consumption of wine, which did not keep pace with the increase in the population, the duty was lowered, for French wine from 11*s.* 5*d.* the gallon, to 6*s.*, and for other wine, from 7*s.* 7*d.* to 4*s.*, at an estimated loss of 230,000*l.* With a view to suppress illicit distillation, and in accordance with the suggestions made in the report of lord Wallace's commission on this subject, the duty on the distillery in England was lowered from 11*s.* 8½*d.* the gallon to 7*s.*; and the method of charge in use in Scotland was applied to England. This measure, with a simultaneous reduction in the duty on rum, was estimated to cost 750,000*l.*; but, in the event, in two years the revenue was recouped in consequence of the enormous increase in the consumption of duty paid spirits which resulted from the reduction of the duty.

In addition to the foregoing, 250,000*l.* of revenue was given up by reductions involved in Huskisson's new tariff of this year; so that in all the estimated loss in the year by reductions of duty was about 1,900,000*l.*

A re-arrangement of taxes was effected by the transfer, from the excise branch to the customs branch of the revenue, of the taxes on wine, foreign spirits,

coffee, cocoa-nuts, pepper and tobacco, which for a long time had been collected by the excise, but henceforth range, wholly, under the head of customs or port duties. While the law relating to the licenses required to be taken out under the excise laws in the United Kingdom was consolidated. But the most important reform of the year was that of the laws relating to the customs, of which the Tariff Act formed a part. A multiplicity of enactments, many of them obsolete, were now repealed, and the laws on the subject were reenacted as embodied by Mr. James Deacon Hume in eleven Acts relating to the different subjects of (1) the management of the customs; (2) the general regulation; (3) smuggling; (4) the Act for navigation; (5) for the registration of British vessels; (6) the duties—the Tariff Act; (7) warehousing; (8) bounties and allowances, with three others relating to matters of trade. In the tariff, the duties on wine and spirits were imposed upon the imperial gallon under the Act for the uniformity of measures of the previous year.¹

1826.

The commencement of 1826 was marked by a continuance of that depression in manufactures and commerce which had prevailed at the close of the preceding year. But, notwithstanding the gloom that spread over the manufacturing, the trading and the monied interests, and the reductions of taxes effected in the previous year, the revenue kept up as a whole.

¹ 5 Geo. IV. c. 74 to come into force in 1825, but subsequently deferred until Jan. 1, 1826, by 6 Geo. IV. c. 12. See as to houses and windows, 6 Geo. IV. c. 7; wine, coffee, and hemp, c. 13; the new spirit Act c. 80; excise licenses, c. 81; customs consolidation, cc. 105-16, c. 111 being the Tariff Act.

On opening the budget, March 13, Robinson passed under review the principal alterations in taxation effected since the war : how immediately, in 1816, the income tax at 10 per cent. and the war malt duty of 2*s.* the bushel had been repealed ; how subsequently, in 1819, it was considered necessary to reimpose an additional 1*s.* 2*d.* upon malt, but only to be repealed in 1822. The repeal of half the duty on leather, in 1822, and the repeal of the duty on salt, in 1822-25, at the loss of over a million and a half to the revenue ; the reduction of the window duty and the taxes on establishments, in 1823 ; and the late reductions of duty, in 1824 and 1825, for rum, the distillery, and wine.

Pointing to the returns of revenue for the last three years, he showed that though the estimated amount of revenue was 155,440,500*l.*, the actual receipts for the same period were 156,838,500*l.*, that is to say, they exceeded the estimate by 1,398,000*l.* More than that which had been promised had been performed. Entering into statistics regarding the consumption of several articles in 1825 as compared with 1816, he stated that there was an increase as follows : on beer, 16½ per cent. ; candles, 36 ; paper, 55 ; tea, 20 ; leather, 29 ; malt, 50 ; British spirits, 53 ; sugar, 19 ; coffee, 43 ; tobacco, 13 ; wine, 88 ; and wool 44.

The special facilities a minister has of obtaining abundant information on points such as this give weight to any statement he may make upon such a subject ; but it is interesting to compare with the statement of the chancellor of the exchequer that made in the same session by Mr. Joseph Hume. After in-

troducing a multitude of resolutions in reference to the budget proposals, he affirmed in one of the debates which ensued, the increase in consumption during the period referred to by the chancellor of the exchequer to be, as regards some of the articles before mentioned as follows: on malt not 50 per cent., but on the contrary a decrease; wine, not 88 per cent. as stated, it had shared the fate of malt; sugar, not 19, but $7\frac{1}{2}$ per cent., as against an increase of 17 per cent. in the population during the last nine years; tea, not 20, but only 12 per cent. in four years, as against an increase of 35 per cent. in consumers; tobacco, in five years during which the population had increased 17 per cent., a decrease of 8 per cent., as against the years 1810–14.

The discrepancy in the statements is remarkable, but one point is clear in both: the consumption of tobacco had failed to increase in proportion to the increase in the population. A curious circumstance had happened as regards the duty on tobacco. In effecting the statutory re-arrangement of the duties in the previous year, the draughtsman of the Bill had in error allowed one-fourth of the duty to lapse in July. Unconsciously he had accomplished a master stroke, for his reduction of the duty was followed by a decrease in smuggling so considerable as to induce Robinson to allow his surplus, estimated at about 700,000*l.*, to go to continue the reduction thus unconsciously effected.¹

1827.

In February, 1827, lord Liverpool was seized with a fit, from which he never recovered sufficiently to be

¹ Viz., to 3*s.* the lb., Hansard, iv. p. 1321, and see 7 Geo. IV. c. 48. In this year an Act was passed to consolidate the laws relating to the malt duty, 7 & 8 Geo. IV. c. 52; and a General Excise Regulation Act, c. 53.

able to resign his office, and Canning received the king's command to form an administration. Peel could not join him, in consequence of the opposite views they took in regard to the Roman Catholic question, and therefore resigned his post at the home office. The duke of Wellington declined to hold office. Eldon resigned the chancellorship; and Wallace, the mastership of the mint.

Peel was succeeded at the home office by Sturges Bourne; and Canning, at the foreign office by lord Dudley; while Robinson, anxious to escape from the labour of the house of commons, took the colonial office, with a peerage as viscount Goderich, and undertook to lead in the house of lords. His post of chancellor of the exchequer was offered by Canning to Palmerston. Previously, in 1809, Palmerston had received an offer of this post, but on that occasion had declined it on the score of youth. This second offer he accepted, but the king considered him too robust in business for the position, and eventually he retained his old post at the war office, and Canning became chancellor of the exchequer, as well as first lord of the treasury. William Lamb, afterwards viscount Melbourne, succeeded Goulburn as chief secretary for Ireland. Huskisson retained, in the ministry of his friend, the post of president of the board of trade, in order to support his measures while in that office.

Already, when called on to form a government, seriously ill from the effects of a cold caught at the funeral of the duke of York, Canning, retiring, after the session, to the duke of Devonshire's villa at Chis-

wick for rest, died there in August. His administration, which the Lansdownians were eager to mould to whig, and the Wellingtonians to reduce to tory, soon fell to pieces in the hands of his successor, the amiable man whom, with our love of alliteration, we termed 'Goody' Goderich, who proved, as might have been expected, too weak in hand to drive the unequal team now harnessed to the coach of state.

CHAPTER IV.

THE WELLINGTON ADMINISTRATION, 1828-30.

Wellington and the Canningites. Huskisson resigns office. The Canningites follow. The budget of 1828. Further reduction of the Sinking Fund. Parnell on Financial Reform. Abandonment of the Sinking Fund. Repeal, in 1830, of the taxes on leather and beer. Reduction of the duty on sugar. Fall of the Ministry.

THE Canningites now consented to join the duke of 1828. Wellington and Peel. In the duke's administration Peel held the post of secretary of state for the home office; Huskisson was advanced to the colonies and became leader of the house of commons; Dudley continued at the foreign office; Grant took Huskisson's late post; Palmerston continued to be secretary at war; and Goulburn became chancellor of the exchequer.

As lord Anglesey had prophesied, the duke soon tripped up the heels of the Canningites. He never was heartily at one with Huskisson; and when, on a question regarding the transfer of the franchise of a small borough convicted of bribery, Huskisson, finding himself in opposition to the rest of the cabinet,¹ in a huff precipitately sent in his resignation, May 19, the duke accepted it. And this led eventually to the resignation of the other Canningites: Grant, Palmerston, Dudley and Lamb.

¹ Huskisson desired to give the seat to Manchester, while the cabinet desired to enlarge the constituency of the borough.

Palmerston was succeeded as secretary at war by sir H. Hardinge, a distinguished officer of the guards, and sir George Murray was appointed to succeed Huskisson. The earl of Aberdeen became secretary for foreign affairs in the place of Dudley; and Vesey Fitzgerald, the member for Clare, president of the board of trade, in succession to Grant.

The first budget of the Wellington administration, introduced July 11, was without any feature of special interest as regards the increase or reduction of taxation. The Finance Committee had reported,¹ advising that a sinking fund not supported by a real surplus was a delusion; that the fixed sinking fund should be abolished; that, in estimating the supply and ways and means for the year, a surplus of not less than 3,000,000*l.* should be provided; and that the surplus revenue of the year should be appropriated annually to the reduction of debt. The substance of these recommendations was now carried into effect to the extent of reducing the annual sum of 5,000,000*l.* to be paid to the commissioners of the national debt under the Act of 1823 to such a sum as, with the interest of the capital stock in their names, would amount to 3,000,000*l.*² In short Goulburn formed a balance between revenue and expenditure by a further reduction of the sinking fund.

1829. In 1829 there was a reduction of the duty on silk. The silk trade, revolutionised in 1825, had been stimulated into unnatural activity; and when in 1828 the demand, as usual in such cases, fell off and was followed by a stagnation in the trade, the silk weavers

¹ Special Report, March 10, 1828.

² 9 Geo. IV. c. 90.

ascribed their sufferings to the new commercial policy of Huskisson, and desired a strong protective duty. In lieu of increasing the duties, the government, acting on the advice of Vesey Fitzgerald, lowered them with a view to the abolition of smuggling. This course did not suit the views of the silk weavers of Spitalfields and Coventry, and the measure was followed by serious riots at Macclesfield and considerable agitation at Bethnal Green. In the budget arrangements, Goulburn reserved a surplus of three millions.—‘Three millions of clear bonâ fide revenue,’ being ‘the amount which, according to the recommendation of the Finance Committee of 1828, should always, in estimating supply and ways and means, be kept inviolate for the purpose of reducing the national debt;’ and, in the year, the recommendations of the finance committee on the subject of the sinking fund were further carried into effect:—The capital stock and annuities for terms of years standing in the names of the commissioners for the reduction of the national debt were cancelled, and the interest ceased to be a charge upon the consolidated fund; in lieu of the sum, not to exceed 3,000,000*l.*, to be paid to the commissioners under the Act of the preceding year, the *actual surplus revenue of the kingdom beyond the actual expenditure thereof*, was to be paid to them quarterly for the reduction of debt; and, in future, stock transferred to the names of the commissioners was to be cancelled on the day of transfer.¹

¹ 10 Geo. IV. c. 27. This arrangement is continued by the Exchequer and Audit Act, 1866, 29 & 30 Vict. c. 30.

Parnell's Treatise on Financial Reform.

In January 1830, sir Henry Parnell, afterwards lord Congleton, embodied, in his Treatise on Financial Reform, a clear statement of opinions he had formed on the subject in consequence of the deliberations of the Finance Committee of which he had been chairman. The substance of his recommendations was as follows :

1. All taxes on the raw material for any manufacture and on any material used for house-building and ship-building, including hemp, ashes and barilla, silk, hides, skins and leather, timber, and bricks and tiles, should be repealed ; and the taxes on coals, tallow candles and soap, as taxes injurious to our manufactures.

2. Certain taxes which had the effect of checking the development of the manufactures taxed, in consequence of the necessary interference of the excise regulations with the course of trade, should also be repealed ; the most important being those on glass, paper, and printed goods.

3. The duties on spirits and tobacco should be reduced, in order to prevent smuggling.

4. In order to effect these salutary reforms, a tax should be imposed fairly on property and income.

1830.

Financial reform and the reduction of taxation now became prominent questions. A compact body of members of the whig party, meeting in lord Althorp's rooms in the Albany, resolved to combine for action for the sole purpose of advocating these principles.

While the ministry, feeling that the general desire for the further remission of taxation must receive consideration in their budget for 1830, made arrangements to repeal the taxes on leather and beer, and subsequently, in order to lower the price of sugar, reduced the duty on that article by 3s. the cwt

Against the tax on leather Adam Smith had urged, in the 'Wealth of Nations,' that inasmuch as leather is an article of prime necessity in this country, where all classes wear leather boots or shoes, it does not form a fit subject for taxation. The double duty imposed by Vansittart in 1813 had been taken off in 1822, but though the yield was now something under 400,000*l.*, all the vexatious regulations required for securing the duty continued in force. The repeal of this tax gave relief not only to the boot and shoe trade, but to the many important manufactures in which leather forms the raw material: the manufactures of saddles, gloves, portmanteaus, chair covers, bookbinding, and, as more important than all, the harness for horses and the strap of the mechanic. Concerning the advisability of this repeal, there could be but one opinion.

As regards the tax on beer, the case was different. Connected as the repeal was with the establishment of free trade in beer in over 31,000 'Tom and Jerry' shops, as the new beer-houses and shops were termed, the measure was not generally regarded with favour. To say the least, the amount of revenue, no less than three millions, involved in the repeal, might with advantage have been devoted to the abolition of taxes far more objectionable, and therefore the measure was

premature. While as regards the reduction for sugar, which cost 450,000*l.*, it was urged that the reduction of the duties on this article and tea ought certainly to follow the repeal of the taxes on raw materials and manufactures, and the reduction of the duties on tobacco and spirits.’¹

The Beer Bill did not bolster up the falling administration. Weakened in popular estimation by the course they had taken on the Catholic question, they were unable to stand against the impulse of the feelings which had been aroused everywhere by those unconstitutional ordinances of the French king, Charles X., which had cost him the throne. They now tottered towards their fall. Parnell had the honour of dealing the final stroke, unexpectedly, on November 6, when he defeated them by 19 votes on his motion to revise the civil list for King William IV. In consequence of this vote the ministry resigned on the following morning.

¹ Parnell, *Fin. Ref.* 4th edition, p. 55. The taxes on beer and cider rep. by 11 Geo. IV. & 1 Will. IV. c. 51; that on leather by c. 16. The duties on sugar lowered in the annual Act, c. 50. Additional duties on spirits, 6*d.* in England and 2*d.* in Scotland and Ireland, and 6*d.* additional on rum were imposed, by cc. 48 & 49.

CHAPTER V.

LORD GREY'S ADMINISTRATION.

The Whig administration under Grey. Althorp as Chancellor of the Exchequer. The budget of 1831. Repeal of the taxes on coals and slate, printed cottons and candles. The budget of 1832. Change in the financial year. The reformed Parliament. The budget of 1833. Reduction of the duties on sea insurance. Exemption of insurances of agricultural produce from fire insurance duty. Reduction of duty for shops. Other reductions of taxes. Repeal of half the duties on soap. Ingilby's motion for the reduction of the duty on malt. Althorp's counter-proposition. Agitation for repeal of the taxes on houses. The budget of 1834. Repeal of the tax on inhabited houses. The motion of lord Chandos for the relief of the agricultural classes. Ingilby's motion for the repeal of the tax on malt. Lord John Russell nearly upsets the Reform coach. The Canningites resign.

THE old order was now about to change, giving place to new. 'Naught's permanent among the human race, except the whigs *not* getting into place,' Byron had written some years before this date, when the tories appeared to be in office for ever. But, at last, in 1830, this long period of exclusion came to an end, and a whig administration was formed under the veteran earl Grey, in consultation with lord Lansdowne, who as lord Henry Petty had been chancellor of the exchequer in the coalition ministry of 1806, and lord Holland. This administration, a perfect constellation of future prime ministers, comprised viscount Melbourne, formerly mr. Lamb, as secretary for the home, Palmerston, as secretary for the foreign, and Goderich,

as secretary for the colonial, department ; while outside the cabinet, lord John Russell held the post of paymaster of the forces, and Mr. Stanley, afterwards the fourteenth earl of Derby, that of secretary for Ireland. Viscount Althorp, the eldest son of earl Spencer, at the particular request of his own and his father's friend, lord Grey, consented to take the post of chancellor of the exchequer with the lead in the house of commons ; and at his request, Powlett Thompson, afterwards lord Sydenham, was appointed vice-president of the board of trade, the real business of which was judiciously left to him by lord Auckland, the president. Francis Thornhill Baring, the future chancellor of the exchequer, and afterwards lord Northbrook, was a junior lord of the treasury. Parnell was not included in the ministry ; for, though an acknowledged authority on matters of taxation, he was not a powerful speaker. The only appointment offered to him he refused as beneath his pretensions.¹

Lord Althorp, in every respect a model English country gentleman, was, by nature and education, in ability and in attainments, inclined and adapted to the duties of a country magnate, rather than to undertake, without any previous official training, the arduous and special duties of a chancellor of the exchequer, at a critical period. But, with considerable skill in figures, and actuated by a strong desire to effect reforms in taxation, he applied himself forthwith with great energy and unwearied industry to this task, which he considered his party, in a manner, pledged to under-

¹ Subsequently, in 1831, he was appointed secretary at war.

take, but more particularly himself, as head of the small party banded together for the special purpose. Assisted by Parnell's observations in his work on Financial Reform and by the advice of Powlett Thompson, who had a good deal to do with the suggestions in the budget, he prepared his fiscal plans for the year with great care, and opened a comprehensive budget on February 11, 1831.

His budget was a forced budget, and embodied 1831. proposals for fiscal changes too considerable for execution by any but a master hand. He proposed to repeal the following taxes:—

1. The taxes on sea-borne coal and slate. These produced together about 830,000*l*.
2. The tax on printed calicoes and cotton, producing 500,000*l*.
3. The tax on tallow candles which, although not particularly heavy, was extremely objectionable in principle, on account of its operation as a check upon industry, and moreover was attended with peculiar difficulties of administration, particularly as regards the penalties imposed upon persons making candles without a licence and payment of duty. The produce of this tax was about 470,000*l*. per annum, but only 200,000*l*. would be given up in the financial year.
4. The tax on glass, which, reimposed, unfortunately, by Pelham in 1745, had crushed the manufacture. This tax produced about 600,000*l*.; and
5. The duties on land sold by auction, at a further loss to the revenue of 60,000*l*.

In addition, there were to be reductions in the duties on newspapers and advertisements, at a loss of

100,000*l.*, and the duties on tobacco were to be reduced by a moiety, at the further loss of 800,000*l.*, in the hope of putting an end to smuggling.

The total loss in the year from the repeal and reduction of taxes Althorp estimated at 3,170,000*l.*

The impossibility of relinquishing so large an amount without some compensation to the revenue was obvious, and accordingly it was proposed to impose taxes—(1) on the importation of raw cotton, to produce about 500,000*l.*, the amount given up by the repeal of the tax on printed calicoes; (2) on the transfer of property, real and personal, viz. 10*s.* per 100*l.*, to produce 1,200,000*l.*; (3) on travellers by steamboat, to produce 100,000*l.*; and (4) on the exportation of coal, to produce about the same amount as the tax on travellers by steamboat, and

Additional duties—on Canadian timber, to raise 600,000*l.* per annum, and wine, to raise another 240,000*l.*

These new taxes and additions to existing taxes would produce 2,740,000*l.* per annum.¹

This ambitious budget split to pieces on the question of the imposition of the tax on transfers. The proposed tax touched transfers in the Funds, and on that ground was opposed by Peel, Goulburn, and all the other authorities on the subject of finance in the House, who, pointing to the provision against taxation in the Loan Acts, urged that the suggested tax was in violation of the plain terms of the contract made with the public creditor by the state. While

¹ Hansard, ii. 413, 417.

Scarlett, the tory attorney-general, afterwards lord Abinger, went so far as to condemn the proposal as 'little less than a public fraud.'

Althorp was obliged to relinquish the proposed tax on transfers ; the proposed tax on passengers by steam-boat, which, as a tax on the poorer class of travellers, encountered serious opposition from many quarters ; the proposed addition to the duties on Canadian timber, which was vehemently opposed by all the protectionists as an injustice to Canada ; and the proposed addition to the duties on wine, which was declared to be in violation of the provisions of the Methuen treaty.

Compelled to recast his budget, Althorp was eventually obliged to limit his repeal of taxes to those on sea-borne coals and slate, printed cottons and linen, and candles.

Subsequently, the famous Methuen treaty having expired, Althorp was able to equalise the duties on all sorts of wine, except Cape, at 5*s.* 6*d.* the gallon.¹

Parliamentary reform now wholly engrossed public attention. The budget for 1832 was postponed, and was not brought in until July ; and the only point of special importance in the fiscal arrangements of the year was the alteration made in the limits of the financial year. Since 1800 the financial year had run from December 31 to December 31. By means of an alteration now made, by which the year was henceforth to run from March 31 to March 31, Althorp was

1832.

¹ See as to printed goods, 1 Will. IV. c. 17 ; coals and substituted duties on exportation, slate, and new duty on cotton, 1 & 2 Will. IV. c. 16 ; candles, c. 19 ; and wine, c. 30.

able to exclude an unfruitful quarter from the budget of the year.

1833. In the reformed Parliament, Althorp introduced, April 19, 1833, a budget in which he proposed to devote a surplus he had of over a million and a half¹ to the reduction of taxes falling on industry.

But first it was necessary for him to give his reasons for leaving untouched the much denounced tax on malt ; which he did by pointing to the improved yield as an indication that the tax did not then press heavily on the article taxed, and might, therefore, be put aside for the present, on the ground that other taxes more urgently required reduction.

Next, in order to explain the absence from his budget of a proposition to reduce the duty on newspapers, in repetition of his suggestion in 1830, he announced a change in his views regarding this tax : he regarded it as one to be repealed rather than reduced. But the repeal would cost not less than 440,000*l.*, an amount which in his opinion it would be preferable to devote to the reduction of other taxes.

Eventually, the following reductions and repeals of taxes were effected :—

1. A reduction of the duties on property insured from sea risk. This tax, originally imposed in the great war professedly as a war tax, and subsequently raised to very high rates, had, during the war, when insurances could only be effected in England, proved very productive of revenue ; but after the war, when

¹ 1,571,909*l.*

England ceased to have a monopoly of the business of insurance, the excessive rates had the effect of driving business from the country. A reduction of the duty seemed necessary, not only on the ground of good faith, but also on the ground of policy, with a view to bring back to the country business that had been driven away. It was now effected at a loss to the revenue of 100,000*l*.

2. The agricultural interest received a boon in the form of a special exemption from duty of all separate policies insuring agricultural stock from risk of fire.

3. In the interest of the shopkeepers, the duties on windows and on inhabited houses were reduced for shops, at an estimated loss of 224,000*l*., and the duty on receipts for under 5*l*. was repealed. 4. The duty on the vehicles termed 'taxed carts' was repealed.

5. Several classes of persons who, under the pressure of the war had been fiscally enlisted as taxable 'servants,' were exempted from the list into which they had been forced : viz., shopmen, warehousemen, storekeepers, and porters, producing an annual amount of 45,000*l*.; commercial travellers and hawkers, producing 4,500*l*.; and bookkeepers and clerks and stewards, bailiffs and managers and overseers, producing 9,500*l*.

6. A reduction of the duty on advertisements was a benefit to all classes of persons. It involved an estimated loss of 75,000*l*.

7. The customs on raw cotton imposed in 1831 as an equivalent for the tax on printed cottons then repealed, was abolished. Avowedly only a temporary tax, it had, moreover, brought in little more than half the estimated produce. 8. The tax on tiles, producing 37,000*l*. a

year, was repealed as pressing hard upon the manufacture, and—

Lastly, in hopes of checking the illicit manufacture of soap, the duties were reduced by a moiety.¹ The produce of the tax was about 1,186,000*l.*, but after due allowance made for an increase in the manufacture as the result of lowering the duty, the loss would be only 300,000*l.* per annum.

The total amount of revenue given up in 1832 was about 1,056,000*l.*

The advocates for the repeal of the malt tax were not to be silenced by a mere statement that the improvement in the yield of the tax justified its retention at the existing rate. In the course of the session, sir William Ingilby brought forward in the house of commons a motion for the reduction of the duty from 1*l.* 0*s.* 8*d.* to 10*s.* the quarter, and carried it by a majority against the government of 162 as against 152 votes. Placed by this vote in a position of considerable difficulty, Althorp was compelled to meet this move of the malt tax repealers by taking advantage of a motion of sir John Key's to repeal the taxes on windows and inhabited houses. This motion stood for the 30th of April. On the 29th Althorp gave notice that he would move as an amendment to that motion, 'That a great deficiency of revenue would be occasioned by the re-

¹ See as to houses and assessed taxes, 3 & 4 Will. IV. c. 39; cotton wool, c. 10; tiles, c. 11; advertisements, sea insurance and receipts, c. 23; and soap, c. 16. In this year, the part of the old land tax that related to personal estates was also repealed, by c. 12. By the Act for the abolition of slavery in the colonies passed this session, c. 73, 20,000,000*l.* was granted in compensation to the owners of slaves.

duction of the malt tax to 10s. per quarter and by the repeal of the taxes on houses and windows, which could only be supplied by the substitution of a general tax upon property; and that, as the effect of a step which would of necessity involve that course would be to change the whole financial system of the country, it would at present be inexpedient to adopt it.'

For such a reconstruction of our fiscal system the country was not as yet prepared, nor indeed was Althorp the man to effect it. This amendment was carried by 355 to 157 votes.

The ability shown by Spring Rice, afterwards lord Monteagle, in his speech in this debate marked him as the probable successor to the chancellor of the exchequer.

The course taken by Althorp on this occasion raised the hopes of the advocates for the repeal of the taxes on houses and establishments, and an agitation of unusual vehemence' commenced, which resulted in inducing the chancellor of the exchequer to make the house taxes the principal subject of his consideration for the budget of 1834.

But the question arose, Which of the two taxes on houses should be the first to go, the window tax or the tax on inhabited houses? The first undoubtedly was regarded by all authorities on questions of taxation as the more objectionable of the two, for many reasons, but more particularly as arbitrary and unfair in principle and detestable in its operation in preventing improvements in the dwellings of the poorer classes, whose health and vigour were thus injuriously affected. But the other tax, on inhabited houses, though imposed

1834.

by North on the fair principle advocated in Adam Smith's 'Wealth of Nations,' that of a rate, was in practice far from fairly assessed. This fact pressed upon Althorp. He knew that the great houses, the Chatsworths, Blenheims, Longleats, Bowoods, Woburns, Belvoirs, Rabys, Stowes, and Hatfields—the castles, halls, houses, and courts of the land, and indeed all the country houses of the richer class, were comparatively lightly taxed as inhabited houses; for it was assumed in assessment that the annual value to let of a large house was almost nothing, because, were the duke of Devonshire to endeavour to let Chatsworth, or the marquis of Bath, Longleat, the size of the house and expense of living there reduced the prospect of obtaining a tenant to a minimum. All the large country houses were, accordingly, as a fact, taxed much more highly relatively to the window tax than to the tax on inhabited houses; and on this ground, viz., that to repeal the window tax would benefit more particularly the richer classes, upon whose shoulders that tax rested, Althorp now selected the tax on inhabited houses for repeal.

The loss to the revenue from the repeal was 1,200,000*l*.

In the same year three taxes of minor importance, condemned by the commissioners of excise enquiry, were struck out of our tax list.¹ 1. The tax on starch, one of the excises reimposed in queen Anne's war with France. In order to secure the tax it had been necessary to subject to statutory regulation every part of the

¹ See 4 & 5 Will. IV. c. 77.

process of manufacture down to the skimming of the water and the stirring of the fire. While as the tax did not extend to Ireland, it was extensively evaded by the introduction from thence of starch smuggled in the shape of flour. The release of this manufacture from the trammels of the excise cost 91,000*l.* of revenue.

2. The tax on the manufacture of stone bottles ; which yielded but 3,200*l.* a year, a result for which it seemed absurd to continue the supervision of the business, and

3. The tax on the beverages termed British wines or made wines. These *vina fictitia*, made from fruit of various kinds and sugar—orange, currant, raspberry, and other wines, formerly favourites with the middle classes, had fallen in public estimation since the reduction of the duty on Cape wine in 1814. People preferred a grape wine when they could get it at a moderate price, and the tax produced but 2,900*l.* per annum.

In the customs, a reduction of the duties for currants, raisins, oil and some other articles, and a repeal of the duty on coals exported in British vessels,¹ were estimated, taken together, to cost 200,000*l.*

A week after the budget, the marquis of Chandos, afterwards the second duke of Buckingham, known as ‘the Farmer’s Friend,’ and the other malt tax repealers again attacked the government, and old Cobbett toiled up from the country to town to give what proved to be his last vote, in the division on the motion of Chandos for

¹ 4 & 5 Will. IV. c. 89. Another 75,000*l.* was given up on small assessed taxes; and 25,000*l.*, by the repeal of the tax on almanacs, by cc. 73, 57.

the relief of the agricultural classes. The motion was lost by only four votes, 202 voting against 206. When, however, later in the session, Ingilby brought forward a motion for a total repeal of the malt tax, suggesting in lieu of this tax, additional taxes on spirits and wine, taxes on beer and leather, and some novel and singular taxes, on the peerage, baronets and knights, and gambling houses, his proposition failed to obtain the support of Peel, and his motion was lost by 170 votes to 271.

Soon after this lord John Russell nearly upset 'the Reform Coach.' In consequence of the commission to inquire into the revenues of the Irish Church, the Canningites—Graham, first lord of the admiralty, Stanley, who in 1833 had succeeded Goderich as secretary for the colonial department, and Goderich, now earl of Ripon, and lord privy seal, resigned. Spring Rice, who had gradually acquired distinction as a debater, now succeeded Stanley, Francis Baring taking his post of secretary to the treasury; while Powlett Thompson was appointed president of the board of trade, in the place of lord Auckland, who succeeded Graham at the admiralty.

CHAPTER VI.

LORD MELBOURNE'S ADMINISTRATION,

1834—1842.

Reconstruction of the ministry under Melbourne. Death of Lord Spencer.

Melbourne dismissed, November 14. Peel's first administration, Dec. 10 to April 8, 1835. Return of Melbourne to power. Effect of the late inordinate repeal of taxes. In 1836 Spring Rice gives a cheaper newspaper to the middle classes. The chancellor of the exchequer in difficulty, 1837-42. Increasing expense of the army and navy. Defeat of the ministry on the Jamaica bill. They resign. The Bed-chamber Plot. Francis Baring at the exchequer. The budget of 1840. General rise in the customs, excise, and assessed taxes. Deficit for 1841-2. Plan for the reduction of the duties on timber, sugar and corn. Vote of want of confidence. Dissolution of Parliament.

IN July, 1834, Althorp, considering himself to be committed to a certain course in regard to the Irish Coercion Bill, of which he disapproved the clauses for the prohibition of public meetings, resigned office, and Grey at once announced in the house of lords that the government was consequently at an end. Melbourne, the secretary for the home department, was now sent for by the king, and desired to form, if possible, a coalition ministry of all the talents, inclusive of Wellington, Peel and Stanley. But the desired combination could not be effected, and eventually the old government was reconstructed under Melbourne, Althorp returning to his post at the exchequer. Scarcely had this re-arrangement been completed, when the death of

earl Spencer deprived the government of the assistance of Althorp in the Commons, and weakened them to such a degree that Melbourne thought it right to submit the circumstances of their situation to the king on November 13, and on the following morning the king placed in his hands a letter of dismissal, and sent for the duke of Wellington.

The duke, conscious that the battle would be in the Commons, advised the king to recall Peel from Rome, where he was on a visit at the time, and place him at the head of a new ministry. Meanwhile, pending the return of Peel, the duke made no appointments, but himself held, for the purposes of administration, the post of first lord of the treasury and that of secretary of state, in which capacity he transacted business for the home, the foreign, and the colonial departments. While the seals of the chancellor of the exchequer were entrusted, according to the precedents of 1721, 1757, 1767, and 1806, to the lord chief justice, until the appointment of a successor to Althorp.

Peel hurried back from Rome, and, on December 10, an administration was formed in which he held the two posts of first lord of the treasury and chancellor of the exchequer, usually held by a prime minister in the Commons, according to precedents that ranged from Stanhope to Canning, while the duke was secretary of state for the foreign, Goulburn, for the home, and the earl of Aberdeen, for the colonial, department.

1835.

The new ministers dissolved the parliament, but the result of the elections was not sufficiently favourable to their party, and on the meeting of the new parliament

in their temporary houses, for the houses of the Lords and the Commons at Westminster had been burnt on October 16, through a careless bonfire of the old exchequer tallies, the ministers had to undergo a series of defeats. Defeated on the question of the speakership, on the address, on the question of the London University charter to enable them to confer degrees in arts and law, and more than once on the Irish Church question, Peel at last resigned, April 8, 1835, and Melbourne returned to power.

Melbourne's second administration included lord John Russell as secretary for the home department, Palmerston in his old post at the foreign office, and Charles Grant, now lord Glenelg, as secretary for the colonial department, Spring Rice taking the seals of the chancellor of the exchequer. Powlett Thompson was replaced in the post he had held of president of the board of trade, and Parnell became paymaster-general and treasurer of the navy.

The inordinate repeal of taxes between 1830 and 1834 now began to have its effect. Three millions of revenue had been given up in 1830, when the Wellington administration repealed the tax on beer, 400,000*l.* from the tax on leather, and 450,000*l.* by the reduction of the tax on sugar; another two millions by Althorp's repeals of the taxes on coal, printed calicoes, and candles, and half the soap duty, and 1,200,000*l.* by his repeal of the tax on inhabited houses. In five years taxes producing seven millions of revenue had been repealed. This was too much, and in 1835 there was no remission of taxes.

1836. Nevertheless, in 1836, Spring Rice was able to signalise his tenure of office at the exchequer by the repeal of the duty on stained paper and a reduction of the duties on paper to an equal rate of $1\frac{1}{2}d.$ the lb. at a loss of 400,000*l.*, and a reduction of the duty on newspapers to $1d.$, which gave the newspaper, for the first time, to the middle classes.¹

Ever since the imposition of the tax on newspapers by the last tory government of Queen Anne, these necessary vehicles of intelligence had proved, in war times, when an increase in the business occurred, an inviting subject for further taxation. The newspaper bore on the face of it traces of the various wars in which we had been engaged, as a shield bears the dints of the conflicts in which it has been used—Legge's additional stamp in the Seven Years' War, another imposed by North in the war of American Independence, and another imposed in the great war with France. North and Pitt treated the newspaper as an article of luxury, to be taxed accordingly. But opinions had now altered. Althorp had only abstained from renewing, in 1835, the proposal to reduce the duty originally embodied in his budget of 1833, because he considered that the tax should be abolished. It now stood first in the whig list of taxes to be repealed. Some endeavours were indeed made to obtain a repeal of the remainder of the tax on soap, in lieu of the proposed reduction in the tax on newspapers. Let the people wash and be clean, it was urged; it will do them more good than cheap news-

¹ 6 & 7 Will. IV. cc. 52, 76.

papers to any amount ; but such arguments were not allowed to prevail, and the tax on intelligence was reduced at a loss to the revenue of 300,000*l*.

The fiscal history of the next five years is the history of a chancellor of the exchequer in difficulties. The expenses of the Canada business, the yearly increasing cost of the army and navy, which amounted to fifteen millions and a half in 1841, as against eleven millions and three-quarters in 1835, the deficient harvests of 1838 and 1839, which followed the abundant harvests of from 1833–36, and the results of the over-trading of 1836 and 1837, which now began to be felt, all combined to produce this result. A series of deficits proved that our ministers had been too free in the reduction of taxation. For 1837–38 the deficit was about a million and a half, for 1838–39 nearly half a million, for 1839–40 nearly a million and a half, and for 1840–41 nearly a million and three-quarters.

1837.

Meanwhile, though the result of the elections to the first parliament of the Queen had rehabilitated to a certain extent the tory, or as they now were sometimes termed, the *conservative party*, the popularity of the young Queen carried the existing administration through the session of 1838. But when, in 1839, the ministerial majority on their Bill to suspend, for five years, the constitution of Jamaica, was only 5—294 votes against 289, Melbourne resigned, and advised the Queen to send for the duke of Wellington.

1839.

The duke suggested that Peel should be asked to form an administration, May 8, but after the somewhat ridiculous episode termed the Bed-chamber Plot, the

whig ministry returned to office, to totter on for another two years.

At the close of the session of 1839 Spring Rice, greater as a man of figures than as a man of finance, left the exchequer, and was raised to the house of lords as lord Monteagle. He was succeeded in office by Francis Baring, an acknowledged authority in matters of finance, but whose first attempt to mend matters was the simple method so familiar to North, Addington and Vansittart, of a general rise in the customs, excise and assessed taxes.

1840. To meet a deficiency of 2,732,000*l.*, the customs, except those on corn, grain, meal and flour, and spirits, were increased by 5 per cent. An additional 5 per cent. was imposed on the excise, except the duties on post horses, persons letting horses to hire and the distillery. The reduction of the duty on spirits had been attended with such success in putting down illicit distillation, that it was considered that spirits would bear an additional 4*d.* the gallon, and that amount was imposed upon imported spirits and the distillery. And the assessed taxes were increased 10 per cent.¹

The additions to the customs and excise were estimated to produce 1,426,000*l.*, of which 438,000*l.* was for the excise. The additional 4*d.* on spirits would produce 485,000*l.* The addition to the assessed taxes and a new survey would produce 426,000*l.* The remainder of the deficiency was covered by a vote of credit.

¹ As to customs, excise, spirits, and assessed taxes, see 3 & 4 Vict. c. 17.

The additional percentages of 1840 did not produce the amounts that had been expected ; while under the head of spirits there was a decrease in the yield, due mainly to the prevalence of the principles of father Mathew in Ireland. In the next year there was a deficit, for 1841-2, calculated at little less than two millions and a half. Of this, a considerable part was referred to extraordinary expenses. It was necessary, however, to provide an additional 1,700,000*l.* What should the chancellor of the exchequer do? Should he revive the tax on inhabited houses or any of the other taxes lately repealed? should he impose a tax on the new inventions—steam, for instance, or gas? He determined to reduce the protective duties on timber and sugar, hoping to obtain by this means 600,000*l.* and 700,000*l.*, or, in all, 1,300,000*l.* of additional revenue from increased consumption,¹ and throwing out a bait for the manufacturers, who were now pressing for the reduction of these taxes.

After an eight days' debate the ministry were defeated on the sugar duty Bill, but they still held on to office, for lord John Russell had announced his plan for a fixed duty on wheat of 8*s.* the quarter, with proportionately reduced rates for rye, barley and oats, and the question of cheap bread appeared an advantageous question for the purposes of the hustings. In the House, so sudden a conversion of the ministers to an approach to free trade principles was considered only an additional reason for want of confidence in them. But a

¹ The remaining 400,000*l.* was expected from corn.

direct vote of want of confidence was required to move them. This was carried by a majority of one vote, 312 to 311, on the motion of Peel, June 4, 1841, after which they dissolved the parliament and appealed to the country.

BOOK IV.

THE REFORM OF TAXATION. 1842-1870.

CHAPTER I.

PEEL'S SECOND ADMINISTRATION. 1842-1846.

CHAPTER II.

**THE FIRST RUSSELL, 1846-1852, AND FIRST DERBY
ADMINISTRATIONS.**

CHAPTER III.

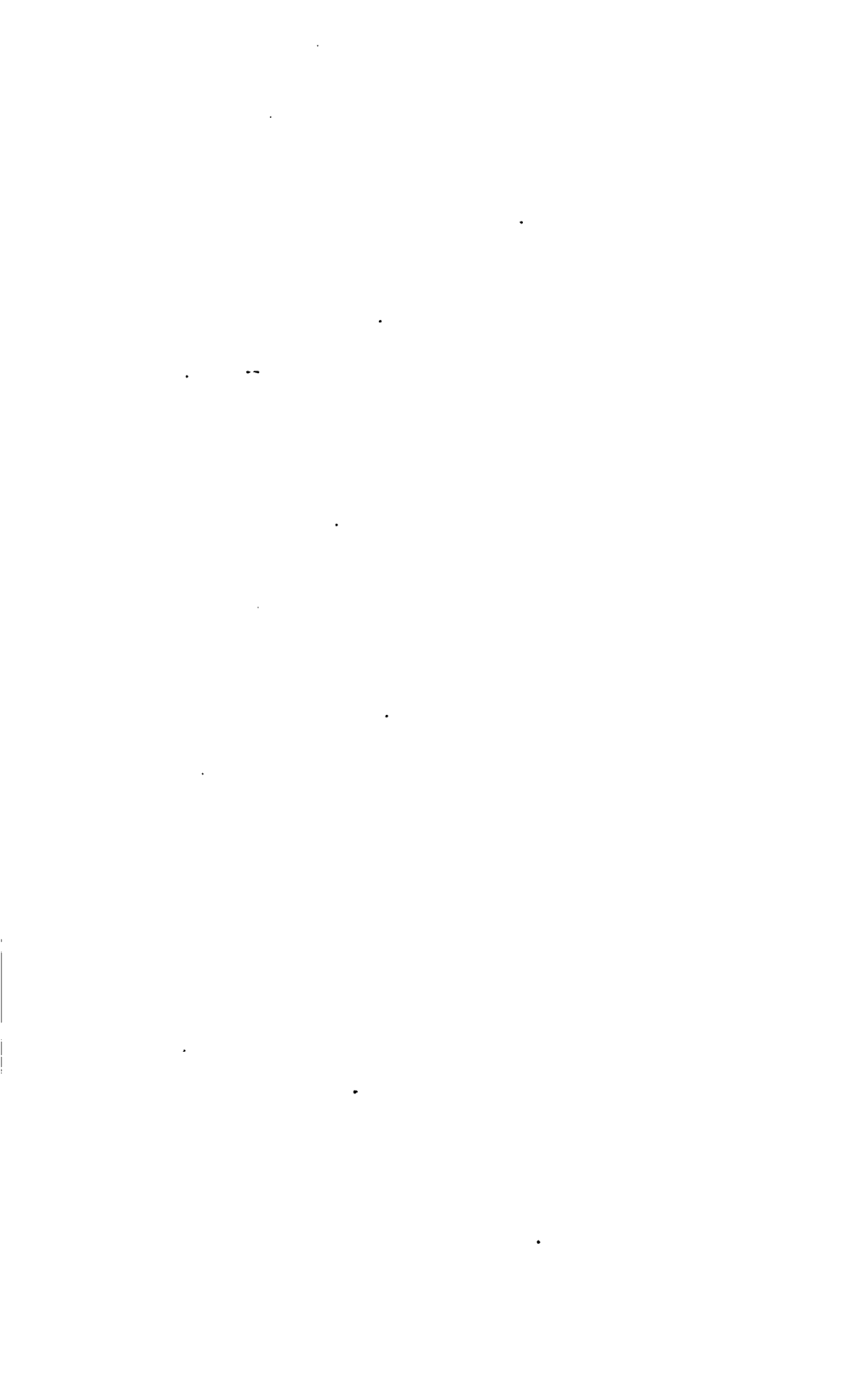
**THE ABERDEEN COALITION, 1852-1855, AND FIRST
PALMERSTON, 1855-1858, ADMINISTRATIONS.**

CHAPTER IV.

**THE SECOND DERBY, 1858-1859; SECOND PALMERSTON,
1859-1865; SECOND RUSSELL, 1865-1866; THIRD DERBY,
1866-1868; AND FIRST DISRAELI, 1868, ADMINISTRA-
TIONS.**

CHAPTER V.

THE FIRST GLADSTONE ADMINISTRATION. 1868-1870.



CHAPTER I.

PEEL'S SECOND ADMINISTRATION, 1842—1846.

Peel's antecedents and position in the house of commons. Result of the elections. Resignation of the whig ministry. Peel's second administration. The political outlook, by Campbell. The budget of 1842. Reimposition of the income tax for four years. First reform of the tariff. Increase of railways. The budget of 1845. The income tax continued for three years. Second reform of the tariff. Repeal of the tax on glass and the tax on property sold at auction. The corn laws. The famine in Ireland forces Peel's hand. Repeal of the corn laws. Combined attack upon Peel. He resigns. The Peelites.

THE whigs had now held office, under Grey and 1841.
Melbourne, with a short interruption, for ten years. They had repealed the old feudal game laws and reformed the laws relating to game. They had carried parliamentary reform. They had regulated the labour of children and young persons in mills and factories to the great benefit of their health of body and mind. They had carried the Municipal Corporation Act in reform of our municipal corporations, and by the Tithe Commutation Act had reformed the laws relating to the payment of the clergy. But in fiscal affairs they had proved a failure. Althorp was not successful as a finance minister, and the laxity in the application of financial principles that had been allowed under Spring Rice had brought the whigs financially into bad odour with every one. A succession of

deficits alarmed the nation, enforcing the necessity of a reform in our fiscal system, and all eyes were turned towards Peel as the minister to accomplish it.

Born in February 1788, Peel was now in his 54th year. The son of the Robert Peel famous for his munificent subscription to Pitt's Voluntary Contribution of 1798, he had all the advantages which in every station, but more particularly in a political station, attend the possession of riches. After a distinguished career at Harrow, and at Oxford, where he obtained a place in the first class in the two schools of classics and mathematics, he began his political career as member for Cashel in 1809, and his official career, in the following year, when he was appointed to the post of under-secretary of state for the colonies; from which he was promoted, by Liverpool, in 1812, to that of secretary for Ireland. In 1817 he was returned a member for the university of Oxford. His next step on the ladder of promotion placed him in the high position of secretary of state for the home department, at the age of thirty-three, and he held this post from the time when Sidmouth retired in 1822, until the dissolution of the Liverpool administration in 1827. The reasons that prevented him joining Canning have been before stated;¹ and the death of Canning left him *facile princeps* in the house of commons. In the Wellington administration he had held, again, the post of secretary of state for the home department. Placed, by the advice of the duke of Wellington in the supreme post, after the dismissal of Melbourne by the king in 1834, he had

¹ Ante, p. 270.

held the post of chancellor of the exchequer with that of first lord of the treasury in a short administration from December 10 to April 8 following; and when in 1839, on the resignation of the Melbourne ministry in consequence of their defeat on the Jamaica question, he had again received the command of the queen to form an administration, he had found himself unable to do so in consequence of difficulties about the ladies of the bedchamber. During the long period that had passed since he first entered the house of commons, his reputation for financial ability had continued to increase, and it was now such as indubitably to mark him as the man to set matters right.

The result of the elections proved unfavourable to the ministry, and when, after the meeting of parliament, amendments to the address were carried in both Houses, they resigned, and Peel again received the command of the Queen to form a ministry.

Peel's second administration, formed in September 1841, included sir James Graham as secretary for the home, the earl of Aberdeen as secretary for the foreign, and lord Stanley as secretary for the colonial, department; the earl of Ripon (formerly lord Goderich) being president of the board of trade, and the duke of Wellington leading in the Lords. Mr. Goulburn was appointed chancellor of the exchequer, and William Ewart Gladstone, vice-president of the board of trade.

The political outlook was not encouraging for the whigs. 'Perhaps you may have some curiosity to know

how the party bears the change,' writes Campbell, the future lord chancellor, in September. 'Stunned, in a state of stupor, with a feeling quite unlike Milton's devils' (he might have said, at least, fallen angels), 'awakening in hell, who were animated by revenge and meditated schemes to get in. Peel "bestrides the world like a colossus," and we are only "looking out for dishonorable graves." At Brooks's, "Hope never comes that comes to all." *Lasciate ogni speranza voi que entrate.* The universal opinion is that the game is irrecoverably up, and that the tory party will be in power for fifty years to come. Most of our men are gone to Scotland to shoot, or are flying abroad. The few who remain in London say there is no use in attending either House.' Thus wrote Campbell in 1841.

1842. Peel himself opened the budget in 1842, having prepared his proposals with great care and deliberation. It was a time of high prices for provisions. There was much suffering among the poor. Manufactures languished. Employment was dwindling day by day, and chartism was on the increase.

His distinct and defined object was 'to revive commerce and effect such an improvement in the manufacturing interests as would re-act on every other interest in the country;' and this he hoped to effect by means of commercial reforms and, more particularly by a reform of the tariff.

In order to enable him to do this with confidence and satisfaction, he proposed, for a limited period of four years, an income tax of 7*d.* in the pound, or

nearly 3 per cent., on the model of the tax repealed in 1816, with the following exceptions :—

1. In lieu of the old exemption for incomes up to and including 50*l.*, with a graduated scale for industrial incomes between that and 150*l.*, a total exemption was allowed for incomes of every description not exceeding 150*l.* 2. The tax did not extend to Ireland, where the repeal of the assessed taxes in 1823 had abolished the machinery for the proper assessment and collection. In lieu of establishing a costly machinery for the short period of four years, the area of the tax was limited to Great Britain, and in Ireland an equivalent tax was imposed, in the form of an addition to the Irish stamp duties, which, previously less than those for Great Britain, were raised to an equal charge, and an addition of 1*s.* to the tax on the distillery. 3. In order to prevent the necessity of any disclosure of a man's circumstances to his neighbours, the ordinary commissioners for the district, special commissioners sworn to secrecy and acting as government officials were appointed, to whom any taxpayer under Schedule D, the schedule relating to professions and trades, might, if so minded, make his return under seal, whereupon they would assess his profits for the purposes of the tax, and 4. Farmers were to be charged on a lower estimate of profit than heretofore ; their profits were assumed to be an amount equal to half the rent paid, in England, and one-third the rent paid, in Scotland, instead of three-fourths and one-half, as they had been under the previous income tax.

The tax at 7*d.* in the pound, Peel calculated would produce 3,770,000*l.* ; and with this, as affording a fair ground to stand on, he commenced the process of the liberation of trade by the abolition and reduction of the duties on the importation of raw materials and articles in various stages of manufacture.

The customs tariff included about 1,200 articles ; reductions were to be made affecting 750 articles, on the following plan :—Where raw materials were retained in the tariff, the duties were to be low in amount, in some cases merely nominal. On all articles partially manufactured considerable reductions were to be made. In all cases of manufactured articles, the duties were to be reduced to a point not exceeding 20 per cent.¹

The amount of estimated loss to the revenue was 1,200,000*l.*

1843-4 After so extensive a reform of taxation as that of 1842, it could not be expected that the budget of 1843, which was opened by Goulburn, May 8, would present any feature of special interest as regards reduction of taxation. But in 1844 the excise on vinegar was repealed, and remissions of duty were granted for currants, coffee, certain sorts of glass, wool, and marine insurances, involving in all about 400,000*l.*

The returns of the revenue for 1843-4 showed a considerable increase in the yield, and in 1845 trade steadily improved. The consols which, at the accession of Peel to office, stood at 89, were now not far from par. Stagnation was at an end, for an outlet had been

¹ 5 & 6 Vict. c. 47. The Act for the Tariff of 1842.

found for capital, which was now freely employed in the construction of railways all over the kingdom, and, to the advantage of the revenue, innumerable navvies were consuming spirits and beer in rivers, and tobacco in millions of pounds.

Soon after the meeting of parliament at the commencement of the year, Peel explained the financial plans of the government. About five millions of surplus revenue might be expected for the year 1844-5. For the next year, ending April 1846, a revenue of 51,100,000*l.* might be expected, which would include 2,600,000*l.* of arrears of income tax, the proportion payable during that financial year. This would be sufficient for fiscal purposes without the imposition of any income tax. But in the year after, ending April, 1847, if no income tax were imposed, there might be a deficiency.

1845.

He now advanced a step in his plans for fiscal reform, and asked the House to reimpose the income tax for three years after its expiration in 1847, 'in order to enable me,' he said, 'to make arrangements with regard to the general taxation of the country which will lay the foundation of great commercial prosperity, and materially add to the comforts even of those called on to contribute.'

The House, acknowledging that the prosperity of the country was due in no small degree to the fiscal improvements effected by their leader, and confident in his sagacity and ability, followed his advice, and thus enabled him to effect a further reform in the tariff, and commence a reform of other taxes.

This second revision of the tariff involved the removal of no less than 450 different items from the list, principally raw materials of manufactures :— raw silk and thrown silk, not dyed ; hemp, flax, and tow, beaver wool and cotton wool, hides, skins and furs, bark, indigo, barilla, potashes, palm oil, train oil and olive oil, unless imported in a ship of Naples, and furniture woods and other articles, some of them immediately, others at more deferred periods. While all duties on exported articles, including a duty on the exportation of coal imposed in 1842, were abolished.¹

From the list of the excise, Peel selected for repeal the tax on glass. Twice in our history had a tax been imposed upon this beautiful and useful manufacture. The first tax, in the reign of William III., proved ruinous to the manufacture, and on that ground was repealed. After which the manufacture immediately began to revive. In 1746, Legge re-imposed a tax on glass. ‘*Iterum crudelia retro fata vocant :*’ this tax, increased, as it had been by Pitt and Vansittart, had again crushed the manufacture. It was now selected for repeal, by Peel, for the reasons stated in the report on the subject made by the commissioners of excise inquiry : ‘No tax,’ they reported, ‘could combine more objections or be more at variance with all sound principles of taxation.’ It produced at this date about 600,000*l*.

The other tax selected for repeal was that on property sold at auction, imposed originally by North in

¹ 8 & 9 Vict. c. 12. The Act for the Tariff of 1845.

the war of American Independence, a tax not only bad in principle, but from the numerous exemptions with which it had become overgrown, partial and unjust. The yield was about 300,000*l*.

In this year Peel decided to propose the repeal of the corn laws. He had adopted, at an early period of his public life, without much serious reflection, the opinions generally prevalent at the time among men of all parties as to the justice and necessity of protection to domestic agriculture. They were the opinions of Parnell and Ricardo, lord Melbourne and lord John Russell, as well as of the duke of Wellington, Canning and Huskisson. In 1841, he had come into office to maintain the principle of the corn law of 1815, for his motion of want of confidence had been aimed at lord John Russell's proposal for a fixed duty ; and on that principle he had acted, having revised the sliding scale and otherwise improved the system. But the potato famine in Ireland forced him to open the ports, in order to supply food to a starving people ; and the opening of the ports for Great Britain was but a corollary to that measure. Once open, the ports could never again be closed : 'The suspension of the existing corn law,' Graham had written to Peel in October, 'on the avowed admission that its maintenance aggravates the evil of scarcity, and that its remission is the surest mode of restoring plenty, would render its re-enactment or future operation quite impracticable.'

Having determined in his mind the course he would pursue on the subject of the corn laws, Peel

consulted the cabinet, and finding a want of unanimity in the opinions of his colleagues, placed his resignation in the hands of the Queen on December 5. But in consequence of the inability of lord John Russell to form a ministry, he returned to office on the 20th, though without his former colleague, Stanley, who was succeeded as colonial secretary by Gladstone.

1846. The Budget of 1846, introduced by Goulburn May 29, involved the *repeal of the duties on corn* from February 1, 1849, leaving a small duty, only 1s. the quarter, as in effect a registration duty; the repeal of the duties on imported cattle, sheep and pigs, beef, bacon and pork, excepting hams, other meat, salted and fresh, horses, and thrown silk, dyed, with reductions of duty for brandy, for which the duty was reduced to 15s. the gallon, proof, timber, seeds, and nearly 100 other articles.¹

Shortly after this, lord George Bentinck and his followers, who desired to show the world that the tory party would not sanction the continuance in office of Peel, a renegade from the party on the question of the corn laws, on the second reading of the Irish Life Protection Bill, joining with the whigs, the free traders, and the Irish catholic and liberal members, defeated the ministry by a majority of 73 votes, 292 to 219, on Thursday, June 25, the day on which the Act for the repeal of the corn duty arrived in the House with the royal assent.

¹ See, as to corn, 9 & 10 Vict. c. 22; the third reading of the Bill was carried by a majority of nearly 100; as to the other duties of customs, c. 23.

When Peel resigned, he left office accompanied by a brilliant circle of followers, subsequently known as the Peelites, of whom the most conspicuous were Graham, Aberdeen, Gladstone, Sidney Herbert, subsequently lord Herbert of Lea, Cardwell, subsequently viscount Cardwell, Goulburn, sir George Clerk, and the earl of Lincoln, subsequently the fifth duke of Newcastle. And the action of the tories in thus detaching themselves from him, on the ground of his conversion to the necessity of giving cheap food to the masses, placed that party in antagonism to the people and the spirit of the times, and was the main cause of their practical exclusion from office for the term of a generation, in lieu of the fifty years tenure of power which Campbell had assigned to them in his prophecy of 1841.

CHAPTER II.

LORD JOHN RUSSELL'S FIRST ADMINISTRATION, 1846—1852,
AND LORD DERBY'S FIRST ADMINISTRATION, 1852.

The income tax continued in 1848. Sir Charles Wood's budget in 1850. Repeal of the tax on bricks. Reductions in the stamp duties. Death of Peel. Repeal, in 1851 of the window tax, and re-imposition of the tax on inhabited houses. In December, Palmerston resigns. Defeat of the ministry, Feb. 1852. The first Derby administration. Disraeli's budget of 1853. The battle of the malt tax.

1846. LORD JOHN RUSSELL'S first administration, formed July 1, 1846, included sir George Grey, at the home office; Palmerston, at the foreign office; earl Grey, as secretary for the colonies; and sir Charles Wood, subsequently created viscount Halifax, as chancellor of the exchequer.

- The failure of the potato crop in Ireland, and the high prices of provisions at home in consequence of a deficient harvest, would have caused this year to be exceptionally unfavourable to the revenue, had it not been for the prosperity due to the construction of our railways, and more particularly to the consumption of beer, spirits, tobacco, coffee, tea and sugar by the army of navvies now in occupation of the soil of England.¹
1847. In 1847, Parliament met in January in

¹ In 1845 and 1846, 347 Acts of Parliament were passed, to authorise the construction of 7,654 miles of railway, at an estimated cost of over 100,000,000*l.*

order to take prompt measures for the relief of Ireland, and sir Charles Wood, on opening his Budget, in February, found himself compelled to borrow eight millions to meet the probable expenses of the famine. In the autumn the parliament of 1841 was dissolved ; the new parliament met in November ; and as the fear of French invasion and the continuance of the Kaffir war were likely to prove sources of increasing expenditure, lord John Russell, following the example of Peel, himself introduced the Budget in February.

Making the continuance of the income tax a political and parliamentary measure, as well as a measure of finance, he proposed to continue the tax for five years at the following rates—12*d.*, an increase of 5*d.* in the rate, for two years, and 7*d.* for the three subsequent years. But this proposal the government were obliged to abandon, and in the result the tax was renewed at the old rate of 7*d.* for three years, for Great Britain. The distress in Ireland formed a sufficient reason for not extending it to that country. 1848.

Two taxes now stood before all others in the list of taxes to be repealed or reduced on the earliest opportunity ; the window tax, long condemned by universal consent as a radically bad tax ; and the duty on tea, which was allowed to be excessive in amount. But sir Charles Wood had not, in 1850, a surplus at his disposal sufficient to enable him to deal with taxes so considerable in their yield, and therefore selected for repeal another tax which, under the circumstances of the times, was probably not less open to objection than the window tax. 1850.

The tax on bricks, originally imposed by Pitt in 1784, though not perhaps so much open to objection as other taxes on manufactures on the mere ground of the adverse operation of the excise laws, had always been acknowledged to be partial in its operation as regards different parts of the country, in some parts of which there is, while in others there is not, any stone available for building purposes, and unfair, from its failure to touch the dwellings built by the richer class, usually of stone. But the gravest practical objection to the tax was its effect in increasing the price of the raw material for cottages, farm buildings, warehouses, railway tunnels, and other constructions of that kind. The repeal cost about 450,000*l.* of revenue.

In addition, sir Charles proposed to give up about 300,000*l.* by reductions in the stamp duties, which still stood at the high figures to which, by a long succession of additions, 'regulations' and 'consolidations,' so termed, they had been raised in the Great War. During the thirty-five years that had elapsed since the war, the duties had practically remained untouched. It was acknowledged that the laws relating to them were of great complexity, and in that view several attempts had been made to reform and simplify them. Under the Liverpool administration more than once was a scheme devised for alleviating the pressure of the duties and amending the law. Subsequently, Goulburn had introduced a comprehensive scheme for consolidating the law. After this, Althorp appears to have, at one time, entertained a project for the improvement of the stamp laws, and

lastly, in 1836, Spring Rice had introduced a Bill for that purpose, but so cumbersome in size that it failed to pass through the House. All these plans had failed. Not only was the subject regarded as one bristling with difficulties; when a consolidation was mentioned, every opponent of the measure could point to the previous consolidations of Addington, of Spencer Perceval, and of Vansittart. 'Consolidate,' it was said; 'you mean to raise them.' On this occasion sir Charles Wood, *et dona ferens*—even with 300,000*l.* a year to give, experienced no slight difficulty in passing a measure of simplification and reduction, and eventually was compelled to go further than he intended, and give up nearly half a million of revenue.

Unwillingly indeed did the House consent to the postponement of the repeal of the window tax; and later on in the session, the sanitary reformers, rallying to a vote on lord Duncan's motion to repeal the tax, obtained a practical victory in a division in which the government had a majority of only three votes. On the other hand, motions made in the same session, for the repeal of the taxes on paper, advertisements, marine insurance and malt, proved unsuccessful.

On the 29th of June, the day after the Don Pacifico debate on the policy of the government towards Greece, in which he had spoken, Peel, on his way on horseback up Constitution Hill, was thrown from his horse, and the accident proved fatal. The death of Peel left Palmerston, who had greatly increased his reputation and popularity by his speech in the late debate, as the most prominent figure in the House.

Death of
Peel,
2 July,
1850.

1851. In the following session the government were only able, after a strenuous effort, to defeat Disraeli's motion regarding the alleviation of agricultural distress, by 14 votes ; and the smallness of this majority, their defeat, by 100 votes to 52, on Locke King's motion for leave to bring in a Bill to assimilate the county franchise to that for boroughs, through the result of what is termed a snap division, and the disapprobation with which their Budget—renewing the income tax and substituting another house tax for the window duties—was received, induced lord John Russell to resign, February 21, 1851. But he returned to office on March 4, in consequence of the impossibility of any other arrangement at the time. For the Peelites, while unable to join Stanley and the conservatives, who still pinned their faith to protection, could not coalesce with the whigs on account of lord John Russell's Ecclesiastical Titles Bill.

The budget was re-introduced in April. Sir Charles Wood adhered in the main to the proposals he had originally made ; and in the event the income tax was continued, but in consequence of a motion of mr. Hume, who desired an investigation of the incidence of the tax by a committee, only for a year, in lieu of the three years proposed by the government.

The condemnation of the window tax pronounced effectively by the house of commons in the previous year was now carried into execution. Operating as a restriction on air and light in the houses of the poorer classes ; difficult to administer, in consequence of the disputes that arose regarding what was and what was not considered to be a 'window ;' and unfair in

principle, inasmuch as the number of windows has no necessary relation to the value of a house and certainly is not a criterion of value equally applicable to houses in the country and houses in towns, this tax was to be repealed. But as the other claims for reduction pressed upon the chancellor of the exchequer could not be disregarded, and the surplus at his command available for the reduction of taxation was limited in amount, he was unable to give up the tax without some partial substitute. Accordingly he revived the tax on inhabited houses, hurriedly, or rather, unadvisedly as it was now acknowledged, repealed by Althorp in 1834, placing it, however, upon a narrower basis, with certain alterations and improvements which, in his opinion, freed the tax from objections which had been formerly urged against it, and treating the whole arrangement as, in substance, a reform in the taxation of house property. By this measure about 1,130,000*l.* of revenue was given up.

Another 176,000*l.* was devoted to a reduction of the duty on coffee, foreign as well as colonial, to 3*d.* the pound, in order to avoid the adulteration of coffee with chicory ; and another 286,000*l.* to the reduction, by a moiety, of the duties on foreign timber.

In December, a misunderstanding which arose between the prime minister and Palmerston regarding an official expression of his approval of the coup d'état, which was considered to be in contravention of the instructions for the conduct of the secretary of foreign affairs laid down by the Queen in 1850, led to his resignation of office, and he was succeeded by earl

Granville. The administration, before it was thus weakened, had been gradually losing ground ever since the *pis aller* arrangement of the preceding year, when lord John had returned to office simply because, at the time, a stronger administration than his own could not be formed. In February, Palmerston had the opportunity of 'returning the compliment' to his late colleague: on a question relating to the militia, which lord John proposed to establish upon a local basis, he joined the Peelites, and they outvoted the ministry by 136 votes to 125.

1852. Lord Stanley, who, in 1844, had been summoned to the house of lords in his father's barony and, in June 1851, had succeeded to the earldom of Derby, now formed an administration in which Disraeli, who had succeeded to the leadership of the conservative party in the Commons on the death of lord George Bentinck in September 1848, held the post of chancellor of the exchequer, Spencer Walpole taking the home, the earl of Malmesbury, the foreign, and sir John Pakington, afterwards created lord Hampton, the colonial, department.

The time for preparation of a budget was so brief, that the new chancellor of the exchequer, while acknowledging the advisability of a general review of our whole system of taxation, stated in his financial statement in April that he was compelled to postpone his consideration of so wide a subject, and therefore simply proposed a continuance of the income tax for another year.

In July, the new ministry dissolved the whig

parliament of 1847 ; and, after the general election in the autumn, Disraeli brought forward in the new parliament, December 3, his scheme for the improvement of the taxes, which he introduced in a speech of great width of grasp and power.

His plan was formed to hinge upon a proposal for the reduction of the duty on malt. This was the cardinal point ; but there were to be reductions also on hops and a gradual reduction of the duty on tea. This diminution of indirect taxes on articles of consumption was to be accompanied by an increase in direct taxation. The basis of the tax on inhabited houses was to be extended, so as to include all houses down to 10% of value, on the ground that direct taxation should be general, as well as indirect taxation. The income tax, to be renewed for three years, was to extend to income of a certain description in Ireland, viz., income derived from investments in the funds and salaries of offices ; and the basis of the tax was to be widened by narrowing the limit of exemption ; while all industrial incomes were to be taxed at a reduced rate.

The *battle of the malt tax*, for such it was, was bravely fought. The weak point for attack in the Budget scheme was the proposal to extend the basis of the tax on inhabited houses, in reversal of the policy of sir Charles Wood's measure of 1851 ; and, in the event, the ministry were beaten, on this ground, on the morning of December 15, 1852.

CHAPTER III.

THE ABERDEEN COALITION ADMINISTRATION, 1852—1855,
AND PALMERSTON'S FIRST ADMINISTRATION, 1855—1858.

Gladstone's budget of 1853. The income tax continued for seven years. Imposition of succession duties on land. Increase in the spirit duties in Ireland and Scotland. Repeal of the tax on soap. Repeal of the tax on advertisements. Revision of the assessed taxes. Alteration in the mileage duty on posting. Penny taxation. Third revision of the tariff. The taxes on property insured are condemned. Outbreak of the war with Russia. Gladstone imposes, in 1854, 7*d.* additional income tax. The duties raised on spirits, sugar, and malt. Defeat of the ministry on the question of the Sebastopol committee. They resign. Palmerston's administration. Resignation of the Peelites. The Budget of 1855. The duties raised on sugar, coffee, tea, and spirits. Additional 2*d.* on the income tax. The treaty of Paris ratified April 27, 1856. Curious effect on the war 9*d.* of income tax. Deficit met by a loan. The budget of 1857. Expiration of the war malt duty. Repeal of the 'war ninepence.' The question of 'the Arrow.' Defeat of the ministry. Dissolution of parliament. Settlement of the duties on tea and sugar for three years. The Bill against conspiracy to murder. The French colonels. Defeat and resignation of Palmerston.

GLADSTONE'S speech, December 2, on the budget proposals of the late ministry, had placed him in the foremost rank of English orators; and in the coalition ministry of whigs and Peelites, now formed under Aberdeen, he held the post of chancellor of the exchequer; Palmerston took the home, and lord John Russell, the foreign, office, while the duke of Newcastle, who had succeeded his father as fifth duke in January, 1851, was secretary for war and the colo-

nies, Sidney Herbert being secretary at war, Graham taking the admiralty, and Cardwell, the board of trade.

The new chancellor of the exchequer introduced his budget, April 18, 1853, in a speech which evidenced a commanding grasp of fiscal details of which Pitt and Peel were the only examples among previous chancellors of the exchequer. Continuing the income tax for seven years, at 7*d.* for the first two, 6*d.* for the next two, and 5*d.* for the three remaining years, he extended it to Ireland; thus taxing equally all parts of the United Kingdom. Extending the basis of the tax so as to include incomes between 150*l.* and 100*l.* a year, he brought within the charge fourteen millions and a half of income hitherto untaxed, taxing it, however, at the rate of only 5*d.* in the pound for the seven years. Professional incomes, hitherto charged with reference to the last year's profits, were placed upon the same footing as trade incomes, charged on the average profit of the last three years; and as the only feasible step in alleviation of the pressure of the tax on incomes of this sort and life incomes, an abatement was allowed in respect of premiums paid on life insurances, but not to exceed a sixth of the chargeable income.

To meet the feeling prevalent in the House that the operation of the income tax was severe upon intelligence and skill as compared with property, the best, safest, and most effective plan would be to extend the tax on successions, to landed property and personal property in settlement. It was plain that the question of the settlement of the legacy duty which had been

raised by Pitt in 1796, when he was unable to carry the proposal for adjustment he brought forward, was one that could not long be withheld from the consideration of the House. The tax was not just as it stood. It favoured landed property and settled personalty. Gladstone now proposed that the immunity from taxation of real property and settled personal property should no longer exist. The amount ultimately expected from this extension of tax was 2,000,000*l.*; but the immediate produce could be no more than 500,000*l.*

From these sources and an increase in the duties on spirits in Ireland and Scotland, a step towards the equalisation of the rates of the spirit duties throughout the United Kingdom, Gladstone provided for himself, after the manner of Peel in 1842, a firm ground on which to stand while making beneficial remissions of taxes.

The tax on soap, the last of the four taxes which Adam Smith had condemned as taxes on prime necessities of life in this country, was to be repealed; as the tax on salt had been, in 1825, the tax on leather, in 1830, and the tax on candles, in 1831. Since the reduction of the duties by Althorp in 1832, the consumption of duty paid soap, previously almost at a standstill in consequence of the excessive duties, had enormously increased. The repeal of the tax would further increase the consumption. Habits of cleanliness would be promoted, to the benefit of the health of the people. A useful manufacture would be liberated from the trammels of the excise. And all the smuggling from Ireland and fraud consequent upon the limitation

of the tax to Great Britain, would be abolished. The yield of this tax was 1,126,000*l*.

The duty on advertisements was to be reduced; but eventually the House went further than the chancellor of the exchequer, and insisted upon a total repeal of this obnoxious tax.

The assessed taxes were overhauled and revised, the old progressive ascending scales of duty were abolished, and the duties were modified and simplified.

The mileage duty on travelling by post was converted into a license duty on the postmasters; and the tax on the hackney carriage business was reduced, in conjunction with a reduction in the fares.

An important alteration was made in the tax on receipts for 2*l*. or more. The ad valorem duties originally imposed by the Coalition ministry in 1783 had proved, from the number of stamps of different amounts, in the highest degree inconvenient to the public, and therefore were extensively evaded. Adopting the principle of the penny postage, Gladstone now imposed a simple penny duty upon all such receipts, with permission to use an adhesive stamp. This principle of PENNY TAXATION was also extended to the documents termed scrip certificates, which were now for the first time charged with a duty.

For the third time the tariff was overhauled. The first revision by Peel, in 1842, had been effected at an estimated loss to the revenue of little short of a million and a quarter; the second revision, in 1845, at an estimated cost of three millions and a half. The revision effected on this occasion was to cost more than a million

and a quarter. This included a loss of 366,000*l.* on tea, the duty on which was to be reduced, as Disraeli had proposed, by steps, the first of which, for the year ending April 5, 1854, was from 2*s.* 2½*d.* to 1*s.* 10*d.* the pound.

Two taxes unequivocally condemned by Gladstone, that on property insured from loss by fire, and that on property insured against sea risk, he was precluded from touching on this occasion, only on account of the insufficient means at his disposal.¹

1854.

The calculations for the budget of 1853 were upset, and the course laid down for the reduction of taxation was impeded, by the outbreak of the war with Russia, a war which cost us nearly 70 millions.² Gladstone determined to prevent, as far as he could, any aggravation of the national debt for the purposes of the war; and in that view, 'on the threshold, as it were, of the war,' urged upon the House 'the importance of resolving that, so far as might be possible, they would meet the expenses of the war out of taxation.' As regards the taxes to be imposed, he declined to restore the tax on soap, or to arrest the fall of the duty on tea, which would be to retrace the steps taken in 1853, and, therefore, placed for the present the whole burden on the income tax, which he doubled, at first for half a year, and subsequently for the whole year, providing for its continuance at the increased rate of 1*s.* 2*d.* until the end of the war.

¹ Gladstone. Financial Statements. Statement of 1853.

² The average naval and military peace establishment for 1851-3 had been 15,591,819*l.* The naval and military expenditure for the three years 1854-6 amounted to 116,053,151*l.*; so that the cost of the war may be taken to have been 69,277,004*l.*

The additional 7*d.* would produce 6,614,000*l.*; another step towards the equalisation of the spirit duties throughout the United Kingdom, viz. a rise in the duties on Scotch and Irish spirits, would produce an additional 450,000*l.*; an alteration in the duties on sugar, another 700,000*l.*; and a rise in the duty on malt from 2*s.* 8½*d.* to 4*s.* the bushel, 2,450,000*l.*, forming a total of ten and a quarter millions of additional revenue.

After the breakdown of our army organisation in the disasters in the Crimea, the Coalition ministry, defeated, on Roebuck's motion for a select committee to inquire into the condition of the army before Sebastopol, by a majority of 157, 305 votes to 148, resigned office in January, 1855; but, as neither lord Derby nor lord John Russell—who had lately resigned because his views as to the necessity of the presence of the war minister in the Commons were not carried out—could form a government, they returned to power, with Palmerston in the place of Aberdeen as prime minister, and lord Panmure in the place of Newcastle, as secretary of state for the war office, *which now comprised the offices, formerly distinct, of secretary at war and secretary for war.*¹ 1855.

The new prime minister inclined to, or rather acknowledged the necessity of yielding to, the general feeling of the country upon the question of the Sebastopol committee. But his colleagues, the Peelites, Graham, Sidney Herbert, now secretary for the colo-

¹ In 1854, the colonial secretaryship was made a single office, to which sir George Grey was appointed. The duke of Newcastle retained the war secretaryship.

nies, Gladstone, and Cardwell could not, as they thought, consistently with their previous action, concur in giving way, and therefore resigned their posts, in which they were succeeded by sir Charles Wood, lord John Russell, and sir George Cornewall Lewis, and lord Stanley of Alderley.

The new chancellor of the exchequer, on opening his budget, April 20, met a deficit of twenty-three millions, partly by means of a loan of sixteen millions, partly by the issue of three millions of exchequer bills, and partly by additional taxes to produce four millions as follows :—

A rise of 3*s.* per cwt. in the duty on sugar, to produce 1,200,000*l.* ; a rise of 1*d.* the pound on coffee, to produce 150,000*l.* ; a rise of 3*d.* the pound on tea, to produce 750,000*l.* ; another step towards the equalisation of the spirit duties in the United Kingdom, viz. a rise for Scotch spirits to 7*s.* 10*d.*, the rate chargeable for English spirits, and a rise for Irish spirits to a less rate, to produce in all 1,000,000*l.* ; and an additional 2*d.* on the income tax, forming, with the additional 7*d.* of the previous year, ‘the war ninepence’ hereafter mentioned, to produce 2,000,000*l.* These additional taxes would produce in the current year only the four millions required ; but subsequently, when in full force, would produce 5,300,000*l.*, forming, with the produce of the taxes granted in 1854, over 15 millions of additional taxation for the purposes of the war.

On the other hand, the question of the abolition of the tax on newspapers, which had been forced for

consideration on the government by Milner Gibson's resolution in the previous year, was settled by the practical repeal of the tax from the 30th of June, 1855.

Subsequently, in August, an additional *2d.* was imposed upon spirits in Great Britain and Ireland, raising the duty to 8*s.* the gallon in Great Britain, and 6*s.* *2d.* in Ireland.

The treaty of Paris to end the war, though signed on March 30, was not ratified until April 27. During the interval, the fiscal year for the income tax had terminated on April 5, and we had entered on a new year. The delay had a curious effect as regards the war ninepence on the income tax. The grant had been, in terms, 'until the 6th day of April which should happen after the expiration of one year from the ratification of a definite treaty of peace.' We were, therefore, in the event that had happened, saddled with the war ninepence until April 5, 1858. 1856.

The deficit for 1856 was met by means of a loan.

The country was now described by Gladstone as being, while perfectly reckless with regard to expenditure, jealous with regard to taxation;¹ but Cornwall Lewis, on opening his budget in February, stated that it was his intention to limit his operations in that year to the taxes imposed in the war. The war duty on malt had expired July 5, 1856. There was no reason to repeal the additional duties on spirits; for by general consent it was allowed that, in peace as well as in war, this tax should be kept at the highest rate the 1857.

¹ Gladstone, February 3, 1857.

article would bear without encouragement to illicit distillation. The duties on tea and sugar, he proposed to fix for three years, at decreasing rates, somewhat higher than those settled before the war, but somewhat lower than those maintained during the war. And lastly, in deference to the strong feeling against the continuance of 'the war ninepence' on the income tax, which was regarded as not intended by parliament and as what is termed sharp practice, the rate was reduced at once from 1s. 4d. to 7d.

The defeat of the government, March 3, by 16 votes, on Cobden's motion in condemnation of their approval of the violent measures resorted to at Canton in the affair of the 'Arrow,' caused them to decide to wind up rapidly the business of the session and appeal to the country. Disputed questions of taxation were postponed: the fiscal arrangements were limited to the year; and parliament was dissolved on March 21. This appeal to the nation resulted in an increase in the number of Palmerston's supporters in the house of commons; and in the new parliament the original proposal of the chancellor of the exchequer to fix the rates of the duties on tea and on sugar for three years was revived and adopted.

After the prorogation of parliament, August 28, the failure of several joint-stock banks and commercial firms, consequent upon the bank failures in America, caused a commercial panic; and, in order to allay the prevalent alarm, the ministers thought it necessary to suspend the operation of the Bank Restriction Act. Parliament was summoned, December 3, to consider

the requisite Bill of Indemnity for this proceeding, 1858.
and the Bill was passed ; but, after the Christmas recess,
the ministers were turned out of office in February, on
the question of Palmerston's Bill against conspiracy to
murder.¹

This Bill, introduced into the Commons after Orsini's attempt on the life of the emperor of the French, with a view to remedy a defect in our law, was rejected on the second reading,² not from any want of sympathy with the emperor or any sympathy with Orsini in his dastardly attempt, but in consequence of the feeling aroused by the publication, in the official columns of the 'Moniteur,' of certain congratulatory addresses of French colonels to the emperor. The colonels had stigmatised England as 'the protector and accomplice of sanguinary anarchists,' and had offered their services to 'get at these men even in the recesses of their den.' This accusation was felt to be unjust ; and the threat, intolerable. 'Let them come,' said Mr. Roebuck in answer—'let them come ; be it ours to see that none of them return !' Not even Palmerston's popularity could save from condemnation a measure that had the appearance of a concession to threats from France ; and as the general feeling of the country concurred with the majority of the House, the ministers resigned.

¹ To make conspiracy to murder a felony instead of misdemeanour.

² By 234 votes to 215.

CHAPTER IV.

THE SECOND DERBY ADMINISTRATION, 1858-9—THE SECOND PALMERSTON ADMINISTRATION, 1859-65—THE SECOND RUSSELL ADMINISTRATION, 1865-6—THE THIRD DERBY ADMINISTRATION, 1866-8—AND THE FIRST DISRAELI ADMINISTRATION, 1868.

Disraeli's budget of 1868. Abolition of Cornwall Lewis's Sinking Fund. Equalisation of the spirit duty throughout the United Kingdom. New tax on cheques on bankers. Dissolution of the parliament. Vote of want of confidence. The second Palmerston administration, 1859. A strong ministry. Gladstone's budget of 1859. Increase in the army estimates. The malt credit taken up. The income tax raised from 5*d.* to 9*d.* Important budget of 1860. Two millions of terminable annuities fall in. The commercial treaty with France. Gladstone's bold policy of advance. Re-imposition of the income tax at the rate of 10*d.* Fourth revision of the tariff. Bill to repeal the duty on paper rejected in the house of lords. 2*s.* additional on spirits granted for the China War. The budget of 1861. Over-estimated revenue for 1860-1. A penny taken off the income tax. Repeal of the duty on paper. Commutation, in 1862, of the duty on hops for a licence duty. General impression that too many taxes had been repealed. Gladstone's answer. Reduction, in 1863, of the income tax from 9*d.* to 7*d.* Reduction of the duty on tea to 1*s.* Rapid increase in the revenue. Large surplus in 1864. Another penny off the income tax. Reduction of the duties on fire insurance and on sugar. Approach of a general election in 1865. The budget. Surplus of four millions. Reduction of the income tax from 6*d.* to 4*d.* Reduction of the duty on tea to 6*d.* Further reduction of the duty on fire insurance. The elections. Death of Palmerston, Oct. 1865. Earl Russell succeeds him. Total repeal, in 1866, of the duties on timber and pepper. Defeat of the ministry on the Reform Bill. The third Derby administration. The financial crisis of 1866. Disraeli's budget of 1867. Falling in of the 'dead weight' annuity. Creation of new terminable annuities. Reduction of the duty on marine insurance. The Abyssinian expedition. Vote of two millions.

Additional 1*d.* on the income tax. Retirement of lord Derby, March 1868. Disraeli prime minister. The budget of 1868. The income tax raised from 4*d.* to 6*d.* Dissolution of parliament. The elections. Resignation of the ministry.

LORD DERBY now formed his second administration, with Spencer Walpole, lord Malmesbury, lord Stanley, and general Peel as the secretaries of state for the home, foreign, colonial, and war departments, and Disraeli as chancellor of the exchequer.

The deficit for 1858-9 amounted to nearly four millions; but of this three millions and a half were due to the war sinking fund, and the question presented itself whether this obligation to redeem debt was to be maintained at the expense of an addition to the income tax? The answer of Disraeli was in accordance with the opinions on the subject of the income tax he had previously expressed. An advocate of the policy of the gradual extinction of the tax, he declined to take any step in the contrary direction. He therefore now repealed the Act for the war sinking fund, and re-borrowed the amount in exchequer bonds. 1858.

An additional half-million of revenue, to be raised by means of an increase in the spirit duties in Ireland to 8*s.* the gallon, forming the final step in the process of the equalisation of the duties throughout the United Kingdom, cleared off the deficit; and a surplus was provided by means of a new penny duty imposed upon cheques drawn on bankers, estimated to yield the large sum of 300,000*l.*

No very long term of office could be expected for the Derby administration, who had come into power

under peculiar circumstances, and notoriously were in a minority in the house of commons. After a defeat of 330 votes to 297, on lord John Russell's amendment to their Reform Bill, they dissolved the parliament and appealed to the country.

The general election excited but little interest, for the attention of the public was fixed upon the battle-fields in Italy, and the news of what the French colonels were doing at Magenta and Solferino absorbed their thoughts. The ministry gained, indeed, some few seats, but met the new parliament without any accession of strength sufficient to enable them to resist their opponents, who, putting forward the young marquis of Hartington as representative of the whig party, carried a motion made by him of want of confidence in the ministry, by a majority of 13 votes, 323 to 310.

June.

The difficulty of a choice between lord Palmerston and lord John Russell induced the queen to send for lord Granville, the leader of the whig party in the house of lords, and late president of the council in Palmerston's ministry; but as lord John Russell declined to take office under him, while willing to serve under Palmerston, the latter again became prime minister, with Granville in his old post. In a strong government, formed of whigs and Peelites, Cornewall Lewis, lord John Russell, the duke of Newcastle, and Sidney Herbert were the secretaries of state for the home, foreign, colonial, and war departments, and Gladstone, chancellor of the exchequer.

1859.

Gladstone opened his budget on July 18, and,

estimating the revenue for 1859–60 at 64,340,000*l.* and the expenditure at 69,207,000*l.*, showed a probable deficit of 4,867,000*l.* This was the result, mainly, of considerable additions to the army and navy estimates ; for our eyes were still upon the French colonels, and it was the year in which our great poet wrote,—

Let your reforms for a moment go ;
 Look at your butts and take your aims.
 Better a rotten borough or so,
 Than a rotten fleet or a city in flames !

And while our ‘riflemen form’d,’ we were also hard at work in reforming and strengthening our navy, army and militia.

This deficit Gladstone met, partly by a reduction of the credit allowed to maltsters, by which means he obtained about 780,000*l.*, and partly by increased taxation. Considering that it would be undesirable to augment the duty on malt, that spirits would not at the time bear any higher rate of duty, and that tea and sugar still remained subject to part of the war taxation, while the war portion of the income tax had been struck off, he ‘arrived at a point which could easily be anticipated. The divine faculty of an intelligent audience altogether outruns,’ he said, ‘either the power or necessity of a detailed statement. It remains to be considered what we shall do with the income tax.’ And he proposed to raise the rate from 5*d.* to 9*d.*,¹ to produce an additional 4,340,000*l.*, forming, with

¹ The distinction between incomes of 150*l.* and more, and incomes under 150*l.*, originally allowed with a 7*d.* rate, but subsequently dropped when the rate fell to 5*d.*, was re-introduced.

the 780,000*l.* from the malt credit taken up, a total of 5,120,000*l.*, which would leave a surplus of about a quarter of a million.

1860. The year 1860 was one of peculiar fiscal importance. Long annuities fell in to the amount of 2,146,000*l.*, making a difference of that amount in the return of the annual charge for the national debt. The duties on sugar and on tea, producing 12 millions a year, determined on March 31; and the income tax, producing, at the 9*d.* rate, another nine or ten millions, on April 5; while by the Cobden treaty of commerce with the French imperial government, recently concluded, the government stood pledged to propose to the House remissions and reductions of duties on French wines, brandies and manufactures, involving nearly a million and three-quarters of revenue.

An early summons brought parliament to Westminster in order to consider the fiscal situation; and the first question put to the House, in committee of ways and means, February 10, by Gladstone, after he had traced the history of the commercial reforms effected of late years, was this—whether ‘we ought upon this occasion to say our necessities are too great, our means too small, to enable us to effect any commercial reforms.’ The answer, as far as the government were concerned, was given without hesitation: it was, in their opinion, the duty of parliament to make some onward steps in that career of commercial improvement which perhaps more than any other cause had contributed to confirm the prosperity of the country and the security of its institutions, under

the auspices of the sovereign beneath whose rule it was our happiness to live.

This bold policy, to advance notwithstanding obstacles, is rarely proposed in vain to Englishmen when they have full confidence in their leader; and if well-considered plans and a lucid statement of them can raise or can secure confidence, they were not wanting on this occasion.

Standing on the same kind of platform that Peel had secured for himself in 1842, an income tax of 10*d.*, a rise of 1*d.* in the rate as compared with that for the previous year,¹—from this firm standpoint Gladstone commenced his operations.

The principal questions involved in the treaty with France were, as regards revenue, the reduction of the duties on wine and brandy, and the repeal of the duties on manufactured goods. On wine, the duty was reduced from 5*s.* 10*d.* the gallon to 3*s.*; and the loss, after allowing for increased consumption, would be 515,000*l.* On brandy, the duty was reduced from 15*s.* the gallon to 8*s.* 6*d.*, as equivalent to the rate for home spirits; and the loss would be 225,000*l.* The duties on manufactured goods would be wholly repealed, and the principal items were—silk manufactures, yielding 270,000*l.*, and gloves, yielding 48,000*l.*; the others, artificial flowers, watches, certain cils, musical instruments, leather, china, glass, and others yielding only small amounts; and the total loss would be 432,000*l.*

¹ Farmers' profits were to be charged at 5*d.* in the pound in England, that is to say, on half the rent paid, and in Scotland and Ireland at 3½*d.*, that is, on one-third of the rent.

Altogether, eventually, the relief to the consumer would be about a million and three-quarters ; but the loss to the revenue, in the year, would be only about 1,190,000*l*.

In addition to this treatment of articles touched by the commercial treaty with France, the duties on timber, the principal differential duties still remaining in our tariff, were reduced from 7*s*. 6*d*., and 15*s*. for foreign timber, to the rates for colonial timber, viz. 1*s*. and 2*s*. the load, and for all furniture or hard woods to 1*s*. the ton.¹ Reductions of duty were allowed for currants, raisins and figs, and hops, in connection with a reduction of the inland duties on hops ; while the duties on butter, cheese, eggs, oranges and lemons, nuts, nutmegs, paper, in connection with the proposed abolition of the inland duty on the manufacture, liquorice, dates, and some minor articles were to be repealed. The loss from the reduction in the duties on timber would be about 400,000*l*. ; the other reductions would raise the amount to 650,000*l*. ; the abolitions would cost about 385,000*l*.¹ So that, in all, 1,035,000*l* would be given up, though the loss would probably be reduced by an increase in the consumption.

This measure, taken in the whole, formed a **FOURTH REVISION OF OUR TARIFF**, and was practically the final step in the reform of one of the most comprehensive and complicated list of prohibitions and commercial restrictions, in the form of frontier or port duties, that

¹ Butter, 95,000*l*. ; cheese, 44,000*l*. ; eggs, 23,000*l*. ; oranges and lemons, 32,000*l*. ; tallow, 87,000*l*. , &c.

ever hindered the development of the trade and manufactures of a nation.

Every step in this reform of our commercial taxation had proved a fiscal success. Let us turn back through the records of the customs to the year 1835. More than ten years previously, Robinson and Huskisson commenced, indeed, the reform of our commercial taxation, in the removal of restrictions and the reduction of the duties on several articles; but the customs records are not complete for our present purpose, until they include the taxes on wine, foreign spirits, coffee, cocoa nuts, pepper, tobacco and snuff and tea, which were formerly excise duties, and the last of which, that on tea, was not transferred to the customs until 1834, when the monopoly of the East India Company ceased. And again, if we take the year 1835, we shall exclude from consideration Althorp's taxes on cotton and coal, which, imposed, in 1831, only for temporary purposes, were subsequently repealed, the first mentioned in 1833, and the other in 1834.

In 1835, the gross yield of the customs is returned as 23,149,000*l.*; ¹ and six years after this, in 1841, including Baring's 5 per cent. additional of 1840, it stands as 23,821,000*l.* In 1842, Peel's first revision of the tariff, when he considerably reduced the duties on a number of raw materials and articles partially manufactured, was estimated to cost the revenue 1,250,000*l.*, while it gave relief to the extent of about 1,500,000*l.* In 1844, the duties on wool were re-

¹ See Appendix No. 10.

pealed and reductions were made for several articles. In 1845, on Peel's second revision of the tariff, about 450 articles were removed from the list, and the duties on many materials for manufactures—raw silk, hemp, flax and tow, barilla and cotton wool—and on oil were repealed, and also all the export duties including the duty on coal imposed in 1842; and this sweeping measure of reform was estimated to cost the revenue no less than 3,500,000*l*. Next in 1846, all the duties on imported cattle, sheep, and pigs, meat salted and fresh, and thrown silk were repealed, and there were reductions for timber and seeds. Then came Gladstone's first, the third, revision of the tariff, in 1853. A multitude of unproductive items and, as far as possible, all articles of manufacture except finished articles were now struck out; many differential duties were abolished by lowering the duty on the foreign article to the level of the colonial article; and many duties on articles that form the comforts of the mass of the people were reduced, more particularly the duty on tea. And this revision was to cost nearly 1,500,000*l*.

In all, the estimated loss to the revenue from these and other reductions and repeals of duties from 1834 to 1854, in excess of a large allowance for an estimated gain by the imposition or augmentation of duties, figures in the customs returns at no less than 9,250,000*l*. But such was the prosperity of the country, in a time of peace, in consequence of the development of the new railways, and also, undoubtedly, to a great degree in consequence of the introduction of so many improve-

ments in our commercial taxation, that the gross income from the customs in 1855 was about 300,000*l.* more than that for 1835. During twenty years the yield had scarcely varied.¹

This last revision completed the reduction of the number of the articles in the tariff from 1,200, in 1842, to 48, the principal contributories being—(1) Five articles yielding from one to six millions : sugar, tobacco, spirits, wine, and tea ; (2) four articles yielding from 200,000*l.* to one million : coffee, corn, currants, and timber, and (3) six articles yielding from 20,000*l.* to 200,000*l.* : chicory, figs and fig-cake, hops, pepper, raisins, and rice. While twenty-nine articles, though yielding revenue, were only retained on special grounds ; five on account of countervailing duties of excise on domestic articles, and twenty-four on account of their resemblance to some one or other of the fifteen principal contributories to the revenue.²

In addition to this revision of the tariff, Gladstone proposed to repeal the duty on paper, the only tax on an important manufacture still in our fiscal list. It was somewhat invidious, he urged, to maintain this duty when every other duty of the same class had been abolished. The law was rapidly becoming incapable of being administered without public scandal and discredit, such were the difficulties raised as to what was paper and what was not paper—as to what were sheets of fibrous substance and what were not.

¹ First report of the commissioners of customs, 1857 ; and see Appendix, No. 10.

² See the Tariff Act of 1860, 23 & 24 Vict. c. 110.

The repeal would promote a diffused demand for labour, and, in particular, a demand for rural labour. The enormous variety of purposes to which paper might, in one form or another, be applied, suggested that the trade was capable of an unbounded expansion. Artificial limbs, telescopes, boots and shoes, peaks of caps, panels of coaches, portmanteaus, teapots, and—who would have thought it?—tobacco-pipes could be made, and were made, of paper. Fifteen reasons for the abolition of the tax, embodied in short propositions, had been submitted to him by the agitators for the repeal, and the board of inland revenue, while declining to express an opinion upon two of the propositions as in the nature of general propositions of political economy, concurred in opinion with the agitators as to all the other thirteen. This tax, already condemned by the House in 1858, was to be repealed; and the loss to the revenue would be about a million in the year.¹

The Bill in which this proposal was embodied encountered considerable opposition in its various stages in the House. The papermakers put their case with remarkable ability and force; urging as a ground for protection against foreign competition, the peculiar position of the manufacture; for the best sort of paper could only be made from rags, of which the supply was limited, inasmuch as foreign nations placed the export of rags under a practical prohibition. At the same time, an uneasy feeling prevailed in many quarters that we had been extravagant in the repeal of taxes which could not be reimposed. In these circumstances the

¹ Gladstone. *Financial Statements*. Statement of 1860, Feb. 10, p. 101.

Bill passed by majorities which, decreasing at every stage, formed a ground for prolonged opposition to the measure when taken to the Lords. Here it was opposed, not only for the reasons urged against it in the Commons, but also as an inopportune repeal of a tax easy to collect and little complained against, unwarranted by the state of our finances ; and in the event, a vote upon a motion of lord Monteagle proved fatal to the Bill.

Before the close of the session, the tax on the distillery in the United Kingdom was raised for the purposes of the war with China, by an additional 2s., making the duty 10s. the gallon ; while in the Tariff Act passed at the same time as the Act raising the duty on home spirits, the duties on foreign spirits and rum were raised to amounts equivalent to 10s. for home spirits, viz., 10s. 5d. for brandy and geneva and 10s. 2d. for rum.¹

The yield of the tax on paper was about 1,350,000*l.* ; 1861. and one of the grounds for the action of the Lords in refusing their assent to the repeal of the tax had been the belief that so large a sum could not be spared. Curiously enough the most remarkable point in the budget of 1861 was the *deficiency* announced to have occurred in the *estimated revenue* of the past year. Bad seasons, that is, bad harvests, cause bad budgets ; and bad budgets, in that sense, are usually due to bad harvests : at any rate, the main cause of a difference of revenue in adjacent years is the harvest. Unconsciously the chancellor of the exchequer had speculated on the

¹ 23 & 24 Vict. c. 110, the Tariff Act of 1860, and c. 129.

season. The considerable increase of revenue for the year 1859-60 had been due mainly to an excellent harvest. The produce of the customs had risen to nearly $24\frac{1}{2}$ millions; that of the excise to over $20\frac{1}{4}$ millions.¹ Upon the basis of this extraordinary yield the revenue estimate for 1860-1 had been formed. But a bad harvest followed, and, in the result, the customs produced 125,000*l.*, and the excise 1,926,000*l.*, less than the estimated yield. The details of the disappointment under the head of excise were as follows: estimate, 21,361,000*l.*; actual receipt, 19,434,000*l.*; loss upon hops, 300,000*l.*; upon malt, 800,000*l.*; and upon spirits, 910,000*l.* The chancellor of the exchequer had accepted the estimates of the responsible permanent heads of the revenue departments, who, unfortunately, had taken the yield of the revenue in a period of cheap corn as the basis of their estimate of the revenue in a year which might be, as it proved to be, a period of dear corn. The warning was not lost on Gladstone, though it will be found subsequently that a similar disappointment happened in 1867-8.

The expenses of the war with China were now at an end. There was a surplus of estimated revenue over expenditure, for 1861-2, of nearly two millions; and as the government could not reasonably expect to be allowed to keep in hand so large a balance, the chancellor of the exchequer announced that there would be a remission of taxation.

Four subjects would occur to the mind of every one as having claims to consideration—tea, sugar, the

¹ 20,361,000*l.*

income tax, and paper. As regards tea and sugar, the duties on those articles did not, at the time, present a case attended with such great difficulty as to give them an urgent, imperative, and paramount claim upon the attention of parliament.

As regards the income tax and the duties on paper, if, as it had been contended in some quarters, the tenth penny on the income tax must be regarded to have been imposed in order to bring about the repeal of the duties on paper, and the two subjects were thus connected—‘here,’ said Gladstone, ‘we are faced at once by the old controversy between direct and indirect taxation. I take some credit to myself,’ he added, ‘for never having entered, in this House, into any disquisition upon such a subject. I have always thought it idle for a person holding the position of finance minister to trouble himself with what to him is necessarily an abstract question, namely, the question between direct and indirect taxation, each considered upon its own merits. . . . I never can think of direct and indirect taxation except as I should think of two attractive sisters who have been introduced into the gay world of London, each with an ample fortune, both having the same parentage (for the parents of both I believe to be Necessity and Invention), differing only as sisters may differ, as when one is of lighter and another of darker complexion, or where there is some agreeable variety of manner, the one being more free and open, and the other somewhat more shy, retiring, and insinuating. I cannot conceive any reason why there should be unfriendly rivalry between the ad-

mirers of these two damsels; and I frankly own, whether it be due to a low sense of moral obligation or not, that, as chancellor of the exchequer, if not as a member of this House, I have always thought it not only allowable, but even an act of duty, to pay my addresses to them both. I am, therefore, as between direct and indirect taxation, perfectly impartial.' A penny was to be taken off the income tax, reducing the rate from 10*d.* to 9*d.* The loss, for the three-quarters of a year of the tax included in the fiscal year, being about 850,000*l.*, every penny yielding at this date about 1,100,000*l.* The duties on paper would be repealed from October 1, so that the loss in the year would be only 690,000*l.*, of which 15,000*l.* would fall under the head of customs.

The total remissions for the year would be 1,515,000*l.*, leaving a surplus of 408,000*l.*—a moderate surplus, which Gladstone appealed to the House to allow him to retain.¹

On the repeal of the duties on paper—for on this occasion the proposition for the repeal, embodied in the Budget Bill,² passed in the Lords—our tax list was, at last, clear of all detrimental taxes on manufactures. Soap, candles, printed cottons, leather, starch, the beautiful manufacture of glass, and bricks—all these had been struck out, one after the other, in the order indicated; and now the sponge had made a final sweep, and the slate was cleared of every item of the evil score.

¹ Financial Statements. Statement of 1861, April 15, p. 187.

² The House of Lords cannot alter, though they may reject, a money Bill.

Supplementary grants made for various purposes, but more particularly the grant for sending the guards to Canada, after the seizure of the Confederate commissioners on board our West India mail steamer, the 'Trent;' a considerable excess in the sum we were called on to pay, in connection with the repeal of the duties on paper, for drawbacks on stocks of paper in hand, over and above what had been conjectured; and a disappointment in the expected indemnity from China—these, taken together, caused for 1861–2 a deficiency of about 1,440,000*l*. 1862.

The branches of the revenue had yielded, in the whole, more than the estimate; but on hops there had been a loss of 100,000*l*.

Many campaigns for the repeal of the duty on hops had been led against successive chancellors of the exchequer, by Mr. Dodson, the member for East Sussex. Notoriously the tax fostered speculation and gambling in hops, and it was allowed to be open to serious objection, though, in the opinion of the chancellor of the exchequer, 'the case against the duties was much exaggerated by those who pleaded the cause of the hop-growers.' No means were at hand to enable him to repeal a tax which produced about 300,000*l*. a year, though the yield varied considerably in different years. He would therefore commute the duty for an increase in the duties on licences for brewers. 'Aut Caesar, aut nihil; it was a case either of commutation or of standing as we are.'

At the same time, a small license tax was proposed for private brewing, in houses of 20*l*. or higher annual

value; but this proposition did not eventually become law.

In the budget speech, Gladstone thought it necessary to refer to 'an impression gone abroad in some quarters that the government had been guilty of a very unwise and excessive squandering of public revenue by the repealing of taxes; that a great number of taxes had been repealed, to an amount much exceeding those which had been imposed, and that this was the cause which had made us so poor at the present moment.' There could be no greater mistake. Since 1859 there had been imposed taxes as follows: 3*d.* of income tax, producing 1,100,000*l.* per penny, that is, 3,300,000*l.*; on spirits, duties to produce an additional 1,400,000*l.*; while other minor duties produced 650,000*l.*, and raised the total to 5,350,000*l.* On the other side, repeals in the customs might be taken at 2,840,000*l.*, and the repeals of the duties on paper, hops, and other minor articles of the excise and assessed taxes at 1,460,000*l.*, forming a total of 4,300,000*l.* 'I do not,' he added, 'at this moment defend the policy which has been pursued; my object is only to state the facts.'¹

1863. As might be expected from such an answer, the surplus for 1863-4, which was considerable, was devoted to the reduction of taxes; and in the view that '*in the reduction, as well as in the increase of taxes, indirect and direct taxes should have joint consideration,*' Gladstone now reduced the income tax from 9*d.* to 7*d.*, at an estimated loss within the year of

¹ Financial Statements. Statement of 1862, April 3, pp. 321-2.

a million and a half, and the duty on tea to 1s., at the loss of 1,300,000*l.* This reduction for tea, he stated, was allowed to be, as far as we could see into the future, a final measure.¹ In revival of the old practice of granting some important branch of the revenue only from year to year, the tax on tea was henceforth made an annual tax.

At this point in our history the revenue developed in a marvellous manner. Notwithstanding the reduction of duty on tea, one of the most important contributories in the customs list, the yield of the customs for 1864 was only 800,000*l.* less than the yield for 1863, viz., 23½ millions as against 24,300,000*l.*; and, taken on the whole, the revenue was increasing, from its inherent vigour, at a rate exceeding a million a year. In consequence of a barley harvest of unparalleled excellency, the receipt from malt was greater than was ever known before—an increase upon the previous year of 710,000*l.* Again, there was a surplus available for the reduction of taxes, in amount over 2½ millions. 1864.

On the ground that a reduction of the duty on malt would be a boon almost exclusively to England, and that if the Englishman was to have his beer cheapened, the Irish and Scotch had an equal right to cheaper whisky, Gladstone declined to touch that duty. He divided his surplus between direct and indirect taxes as follows: A penny would be taken

¹ Financial Statements. Statement of 1863, April 16, p. 384. A proposal that clubs should pay the same rate of duty as the occupiers of hotels was not eventually carried into effect.

off the income tax, reducing the rate to 6*d.*, at the cost of over 800,000*l.*, and there would be a reduction, by a moiety, of the tax on insurances of stock in trade from fire risk, leaving alone, for the present, the duty as far as it affected the insurance of houses; this would cost 192,000*l.* more, making a loss of nearly a million on direct taxation.

The indirect tax to be reduced was that on sugar, an article which, in 'its importance to the comforts of the people, might be said to be next to corn.' The question whether there should be a uniform or a classified duty on sugar was a very difficult question, and he was not prepared to say that the classified duty was condemned by experience, nor was it condemned by authority. Adhering to the dividing points in the existing system, he reduced the rates of duty, and added a new or fourth class for inferior sugars, chargeable with the low duty of 8*s.* 2*d.* the cwt. The cost of the reductions would be 1,300,000*l.*

1865.

The budget of 1865, introduced in a parliament in the sixth year of its duration, was framed, as might be expected, upon popular lines. The magnitude of the expected surplus will long be remembered from a popular caricature of the time, which serves also to note the persistence of the agricultural interest in their demand for the repeal of the malt tax. The malt tax repealer is represented as standing, hat in hand, before the chancellor of the exchequer, and says, 'You don't happen to have six or seven millions about you, sir?' The chancellor answers, 'Yes, I do; and I mean to keep them about me!'

The arrangement of the 1s. duty on tea was final only in a fiscal sense, that is to say, as far as could be foreseen at the time. The duty was now further reduced, and Gladstone was able to go to the country with the larger packet of tea to be obtained under a 6*d.* duty in one hand, and 2*d.* taken off the income tax, reducing the rate from 6*d.* to 4*d.*, in the other, besides an extension of the reduction in the tax on insurance from fire, to all insurances of houses as well as of stock in trade.

The relief given by these reductions was—on tea, 2,300,000*l.*; on the income tax, 2,600,000*l.*; and on fire insurance, 520,000*l.*, making a total of 5,420,000*l.*, of which 3,778,000*l.* would fall in the year. ‘I think, Mr. Bull,’ says the chancellor of the exchequer in another caricature of the day, ‘we may now reckon on *your* support.’ In the picture a large bag of money is marked to show the amount of the estimated surplus, which was four millions.

This anticipation was not falsified in the result of the elections that followed on the dissolution of the parliament of 1859, in July. The success of the financial and commercial policy of the government had great weight with the country; and in the changes and chances of the elections, the liberal party lost 33 seats and gained 57, representing 48 votes on a division. The chancellor of the exchequer, indeed, lost his seat for the university of Oxford; but was returned by the electors of the southern division of Lancashire for that division, while his rejection at Oxford was regarded with approval by the advanced

liberals, who now looked upon him as their future political leader.

When Palmerston died, in October, at the ripe age of 86, his veteran colleague, earl, formerly lord John, Russell, then in his 74th year, became prime minister, and was succeeded by the earl of Clarendon at the foreign office, the leadership in the house of commons devolving upon Gladstone.

1866, On opening the budget, Gladstone announced a surplus sufficient to enable him to repeal the duty of 1s. the load on timber, at a loss of 307,000*l.*, and, at a further loss of 112,000*l.*, the duty on pepper, which continued to foster the adulteration of that useful article of food ; while an equalisation of the duty on wine in bottles with that on wine in the wood was estimated to cost 58,000*l.*, and a reduction of the mileage duty on stage carriages and the duty on postmasters, 85,000*l.*, a year. Thus, in all, over half a million of revenue was given up.

At this date the Liberal majority in the house of commons was reckoned at between 60 and 70 ; but subsequently, the secession of the ‘ Adullamites,’ led by Lowe, proved fatal to the ministry on the question of reform ; in June they resigned office in consequence of their defeat, by 11 votes, on lord Dunkellin’s amendment to the Reform Bill, making rating, in lieu of rental, the basis of the borough franchise. Lord Derby, after an unsuccessful attempt to construct a ministry on an enlarged basis including within it some of the ‘ Adullamites,’ was compelled to form one out of purely conservative elements, the secretaries of state being—

Spencer Walpole for the home, lord Stanley for the foreign, the earl of Carnarvon for the colonial, general Peel for the war, and viscount Cranborne, subsequently marquis of Salisbury, for the India, department; and Disraeli took the post of chancellor of the exchequer.

The fiscal horizon was dark with clouds. The speculative mania and inflated commercial transactions of 1865 had been followed in 1866 by the inevitable reaction. A severe financial crisis, remembered more particularly in connection with the failure of the great discounting house of Overend and Gurney,¹ had resulted in widespread distress and commercial embarrassment. Our famous shorthorns, and Devons, and Herefords, and all the other herds of cattle in which our farmers take so much pride, were decimated by the plague. In Ireland, the Irish-American soldiers and others, forming what was termed, from an old Celtic and mysterious word, the 'Fenian' association, had raised an insurrection; while in England the reform question still continued to agitate the minds of men. A deficient harvest completed the darkness of the picture.

Notwithstanding this combination of circumstances inimical to revenue, such was the vital power of the nation that Disraeli was able, on opening the budget, April 4, to announce the unexpected news that the actual revenue for 1866-7 had exceeded the estimate by nearly 2½ millions. The estimate had been 67 millions; the actual yield was 69½ millions. For the

1867,

¹ May 10. The failure of this house caused a greater shock to credit than probably any other bankruptcy that has ever occurred. May 11 was termed, from the commercial panic, 'Black Friday.'

coming year, 1867-8, there was an estimated surplus of 1,206,000*l.*

Of this amount, 750,000*l.* would be devoted to the reduction of the national debt. The policy of terminable annuities had been recognised and acted on for the last half-century. The falling in of Vansittart's 'dead weight' annuity of 585,000*l.* made it imperative on the government to consider whether they should pursue that policy; and, answering the question in the affirmative, he proposed to create annuities terminating on April 5, 1885, to the amount of 1,776,000*l.*, in cancellation of 24 millions of debt. The total charge on the year 1867-8 from the conversion would be, as before stated, 750,000*l.*, which would reduce the surplus to 456,000*l.* Of this, 210,000*l.* would be devoted to a reduction of the duty on marine insurance, leaving untouched a surplus of 246,000*l.*

And what, it will be asked, was done as regards the malt tax? The answer is that the malt tax repealers obtained, on the motion of colonel Barttelot, the appointment of a select committee to inquire into the operation of the tax, more particularly as regards its effects on the proper rotation of crops and the price of beer, and as to the fitness of malt for feeding cattle.

Parliament met in the autumn, in order to make provision for the expenses of the Abyssinian expedition against king Theodore, to rescue the British prisoners,¹ and a vote of credit of two millions was passed, and an additional penny on the income tax of the current year was imposed, at the suggestion, in the absence of

¹ The expense of the expedition was 8,600,000*l.*

the chancellor of the exchequer from illness, of Ward Hunt, the secretary to the treasury; and when, in the following February, lord Derby, then in his 69th year, retired from public life and Disraeli succeeded him as prime minister, Ward Hunt was appointed chancellor of the exchequer.

The actual income for the year 1867-8 showed a deficit on the estimate of 370,000*l.*; and the budget for 1868 involved an increase of twopence in the rate of the income tax, raising it from 4*d.* to 6*d.*, to meet the expenses of the Abyssinian war, or, as was urged on the other side, to meet a permanent increase in expenditure. In November, the ministry, who had been defeated during the session by Gladstone, who carried the Irish Church Suspensory Bill against them by considerable majorities, dissolved the parliament of 1865, and appealed to the country. The result of the appeal was not favourable to the conservatives, and Disraeli, without waiting for another adverse vote in parliament, resigned office in December. 1868.

CHAPTER V.

THE FIRST GLADSTONE ADMINISTRATION, FROM 1868 TO 1871.

The Gladstone administration. Lowe's budget of 1869. A windfall. Repeal of the duty on corn and the duty on fire insurance. Reduction of the income tax from 6*d.* to 5*d.* Break-up of the old assessed taxes. Repeal of the taxes on locomotion, except the tax on railway passengers. The budget of 1870. Reduction of the income tax from 5*d.* to 4*d.* Repeal of half the duties on sugar. Consolidation and reform of the stamp duties. Review of the fiscal position.

THE whigs now returned to power under Gladstone, with Bruce, Clarendon, Granville, and Cardwell, as secretaries of state for the home, the foreign, the colonial, and the war departments, and Lowe, as chancellor of the exchequer.

1869. Lowe's first budget, of 1869, surprised even persons accustomed to sensational budgets. By means of a change in the manner of collecting the income tax and the assessed taxes, which, by the acceleration of payment, increased the revenue for the year, he made for himself a surplus of 3,350,000*l.*; and 'what,' said he, 'shall I do with this windfall?'

He disposed of it as follows :—

In the abolition of the, 1*s.* the quarter, duty on corn, as a tax which 'combined in itself all possible objections to a tax, and prevented the country becoming the great entrepôt of corn'—a repeal which

would cost 900,000*l.* of revenue ; the abolition of the long-condemned tax on fire insurance, to cost about a million ; a reduction of the rate of the income tax from 6*d.* to 5*d.* ; and a revision of the assessed taxes.

These taxes, imposed one by one in former times, when no really effective tax on property and income existed, had been formed by Pitt into a group of taxes falling upon expenditure of a certain kind. The plan had been, as respects establishments, to charge the taxpayer for the current year in respect of the greatest number of taxable subjects kept by him in the previous year. In old days, fortunes did not change, perhaps, so rapidly as in our days. The plan involved the assessment of the taxpayer this year by reference to his maximum establishment of last year.

No eye perceives the growth or the decay ;
To-day we look as we did yesterday.

That was the fiscal view, and, in that view, a man was charged this year on the basis of what he proved himself to have been last year, and as still able to keep the gig, the phaeton, the men-servants, the horses, dogs and powdered menials of the preceding year's establishment. Lowe changed the system, abolishing the antiquated tax on persons wearing hair-powder, and changing the taxes on carriages, men-servants, horses, and armorial bearings into license taxes, a change already effected as regards the tax on dogs. Henceforth the taxpayer was required to take out, in January, licenses for his existing establishment, and, subsequently, additional licenses to cover any increase in his establishment in the year.

Lastly, the taxes on locomotion, as they were termed, were to be repealed. Of these the most ancient was that on hackney coaches in the metropolis, first imposed in the reign of William III. The second had originated in posting times, when North imposed upon posting—then a means of locomotion used almost exclusively by the rich—a tax for the purposes of the war of American Independence, to which he added subsequently the third of these taxes, viz. a tax upon travelling by stage-coach. Another tax of this description attempted by Pitt, when he endeavoured to tax locomotion by way of navigations, as canals were then termed, ended in failure; and no better success had attended Althorp's project, in 1831, for a tax on travellers by steamboat; but he was more fortunate in another proposal, which he subsequently introduced, for a tax on passengers by railway, which formed the fourth in the list of taxes of this description. 'A tax on the means of locomotion,' Lowe said, 'is as bad a tax as any that can be devised.' And, in that view, he proposed to make a clean sweep of all these taxes.

The net remissions would amount to 3,060,000*l.*, but the amount falling within the year to only 2,940,000*l.*

The budget proposals were eventually carried into effect, with the exception of that relating to the tax on passengers by railway, which fell through, or rather was revoked, in consequence of the refusal of the railway companies to accede to the terms that accompanied the proposal.

At this point, standing as we did in respect of

taxes after Lowe's budget of 1869, we ought, in the opinion of many who had carefully considered our fiscal position, to have stayed our hand, leaving untouched the remaining branches of the pagoda tree. It is all very well to quote the legend of the golden bough, or the oak on darkly wooded Algidus, which—

*Per damna, per caedes, ab ipso
Ducit opes animumque ferro.*

No doubt a good deal of judicious pruning had been accomplished; but to go further would be to commence the work of destruction. Who could complain of the existing taxes? Was ever, in the history of the world, a large revenue so easily raised? And would it not be well to allow something to be done towards the reduction of the eight hundred or so of millions still scored up as our national debt? But the evil desire for immediate fruition which characterised the times would not permit the chancellor of the exchequer to keep a large surplus. 'Give! give!' was the cry of a people who had become accustomed, in a time of advance in the national prosperity by leaps and bounds, to expect a benefaction on Budget-day as regularly as a postman expects a Christmas-box.

Accordingly, in 1870, Lowe again devoted his surplus to a reduction of the rate of income tax from 5*d.* to 4*d.*, a repeal of half the duties on sugar, at a loss of about 2½ millions, and a number of minor benefactions; giving up in all about four millions. 1870.

Later on in the year, a general consolidation of the stamp duties on instruments was effected, though there was considerable difficulty in getting the Bill through

the House. This accomplishment of a project which had been started over and over again, but in consequence of the difficulties it involved had never yet succeeded, was facilitated by reductions of duty made under several heads, and more particularly a reduction under the comprehensive head of 'deed not otherwise specially charged.' This duty, from the mustard-seed of 6*d.* in the original Stamp Act, had expanded into a tax of 1*l.* 15*s.* It was now reduced to 10*s.*

The break-up of the old assessed taxes, the repeal of the taxes on locomotion, and the consolidation of the stamp laws completed the reform of our taxation, already so far advanced by the revision of the tariff, the abolition of the taxes on manufactures, the repeal and readjustment of several direct taxes, and the re-introduction of the income tax, by means of which these reforms had been effected, and this tax now stood at the low rate of 4*d.* in the £, that is to say, 1*l.* 13*s.* 4*d.* per 100*l.* The reform of the tariff had involved the repeal of the duties on corn, cattle, meat, fruit and pepper, coals and slate carried coastwise, timber, cotton, raw and thrown silk, barilla, indigo, potashes, bar iron and furs, hemp, silk manufactures, and several hundreds of imported articles, being raw materials, articles partly manufactured or manufactured articles, as well as the reduction of the duties on the important articles, tea, sugar, brandy and wine. The list of taxes on manufactures abolished, included that on the manufacture of glass, at a loss to the revenue of about 600,000*l.*; and those on bricks, costing 450,000*l.*, soap, 1,126,000*l.*, newspapers, 488,000*l.*, and paper, 1,350,000*l.*, that is

to say, in all 4,014,000*l.* The direct taxes repealed had been that on property insured from risk of fire, at a loss of about 1,700,000*l.*, and that on property sold at auctions, at a loss of 300,000*l.* ; while the principal reductions had been for property insured from sea risk, and for houses, the reconstruction of the house tax, on the abolition of the window tax, having been effected at an estimated loss of 1,130,000*l.*

It should also be borne in mind that, between 1816 and the first reform of the tariff by Peel, considerable amendments in commercial taxation had been effected by Robinson and Huskisson, and the important taxes on salt, beer, candles and printed goods, the yield of which was in all over six millions and a quarter, had been repealed. While under the head of direct taxes, that on agricultural horses had been given up, and the assessed taxes had been, in England, reduced by a moiety, and in Ireland, wholly repealed.

Lastly, it should not be forgotten that a number of smaller taxes, not of any great importance in the yield singly, but representing in the whole no insignificant sum, were now no longer in our fiscal list—advertisements in newspapers, almanacs, stone bottles, tiles, starch, cider and perry, sweets or British wines, soda and potash water, vinegar, dice, &c.

The taxes on the devolution of property in consequence of a death alone remained outstanding for revision. These consisted of the probate duty, the legacy duty, and the succession duty. In the probate duty reform was required : ‘ We are obliged at present to postpone it,’ Gladstone had said in 1853 ; ‘ but we

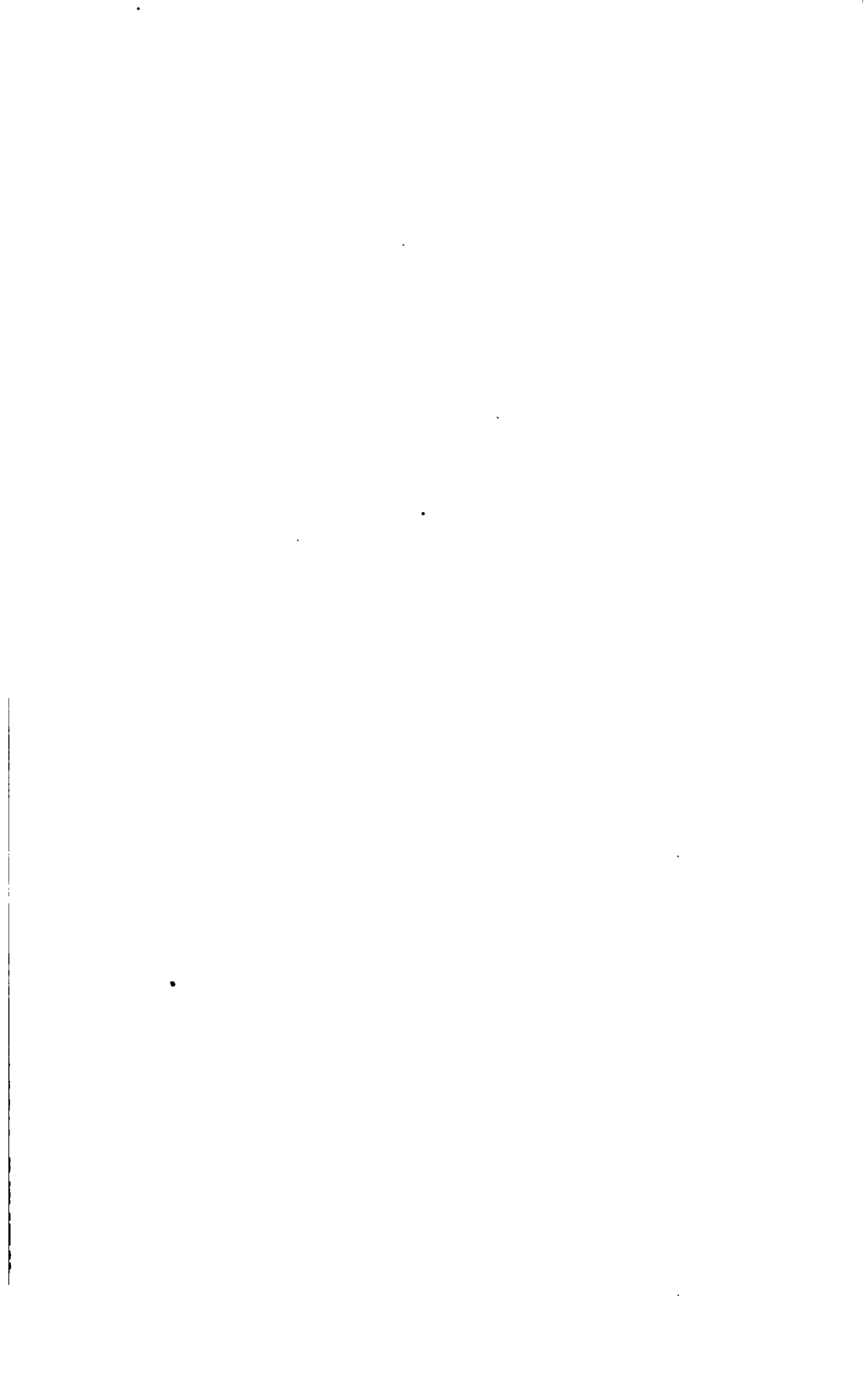
hope that in a future and early year it will come under consideration.' The succession duty had not produced anything like the amount expected. While the whole system of taxation under this head stood in need of careful rearrangement upon a settled plan which would remove the anomalies and injustice involved in the existing taxes.

BOOK V.
TAXATION SINCE 1870.

CHAPTER I.
THE FIRST GLADSTONE ADMINISTRATION, FROM
1870 TO 1874.

CHAPTER II.
THE SECOND DISRAELI—BEACONSFIELD
ADMINISTRATION. 1874—80.

CHAPTER III.
THE SECOND GLADSTONE ADMINISTRATION. 1880—3.



CHAPTER I.

THE FIRST GLADSTONE ADMINISTRATION, FROM 1870 TO 1874.

The budget of 1871. Prosperous state of the revenue. Deficit due to high army estimates. Proposed new taxes:—1. An increase in the probate and succession duties; 2. A tax on the manufacture of matches; 3. An increase by percentage on the income tax. Unpopularity of the budget. The proposals are withdrawn. The income tax raised from 4*d.* to 6*d.* Lowe's speech on the National Debt. A picture of material prosperity. The income tax reduced, in 1872, to 4*d.* Defeat of the ministry on the Irish Education Bill. They resign, but return to office. The budget of 1873. Reduction of the income tax to 3*d.* Reduction of the duties on sugar. Alterations in the ministry. Gladstone chancellor of the exchequer. Dissolution of the parliament, in January 1874. General elections. Resignation of the Gladstone administration. Summary of the alterations effected in taxation by this administration.

THE stupendous events that happened in Europe in 1870 did not retard the rapid return to prosperity of affairs in the United Kingdom. Our commercial transactions, resting on the broad basis of business connections with all parts of the world, were not injuriously affected by local disturbance, even of the grave character involved in the war between France and Germany. Never did the finances of the country give stronger evidence of vitality, soundness, and elasticity than was produced when Lowe, on opening the budget of 1871 on April 20, showed the yield of the revenue for 1870–1 to have exceeded the estimate by two millions

and a quarter. Estimated at 67,634,000*l.*, the actual produce had been nearly 70 millions.

The principal additional contributories had been the articles of general consumption, tea, malt, and spirits: tea, to the amount of 592,000*l.*; malt, to the amount of 431,000*l.*; and spirits, under the head of the distillery, to the amount of 481,000*l.*, and under the head of foreign spirits, to the amount of 233,000*l.*—in all, 714,000*l.*; so that the total under the three heads was 1,737,000*l.*

These circumstances warranted a high estimate of the revenue for the coming year, though not one upon the basis of last year's receipt, which was unprecedented. It was taken at 69,595,000*l.* But, on the other hand, the expenditure would amount to no less than 72,308,000*l.*, a high figure due mainly to an increase of over three millions, including the payment for the abolition of purchase, on the army estimates for the year. There would therefore be a deficit of 2,713,000*l.*

Declining to increase the national debt by a loan for the purposes of the year, and assuming that the House would not assist him in doing away with many exemptions from taxation,¹ the repeal of which would raise a considerable sum, Lowe now brought forward the following plan for additional taxes:—

1. The taxes falling on property on its devolution in consequence of a death would be extended and raised as follows: The tax termed the probate and

¹ Such as the income tax on dividends belonging to foreigners residing abroad, 70,000*l.*; charitable and collegiate funds, 50,000*l.*, &c.

administration duty would be extended, by legal machinery, so as to apply to and include all property subject to legacy duty, that is to say, foreign property, which, as not within the range of the jurisdiction of the courts of probate, never fell within the scope of a tax imposed by reference to instruments emanating from such courts. Secondly, the taxes termed the legacy and succession duties would be increased by raising the rates: sons and daughters, and lineal descendants, would be required to pay at the rate of two, instead of only one, per cent.; brothers and sisters $3\frac{1}{2}$, instead of only 3, per cent.; other relations at the increased rates of 5 and 6 per cent.; and no difference was to be made between realty and personalty, land and moveable property.¹ The proposed increase in these taxes would produce, eventually, 1,020,000*l.*; but in the present fiscal year, only 300,000*l.*

2. A new tax would be imposed, copied from an American tax, 'invented by that acute nation just at the end of the war,' on the manufacture of matches; and, to his astonishment when he was informed of it, was estimated to produce no less than 550,000*l.* This sum, added to the 300,000*l.* expected from the taxes on property on a death, gave a total of 850,000*l.*; but at least 2,800,000*l.* was required in order to provide only a modest surplus.

3. The remaining 1,950,000*l.* would be raised by means of an addition to the income tax. At this date, the yield of every 1*d.* in the tax had increased, from

¹ The succession duty, estimated, in 1853, to produce two millions, had produced but 752,000*l.*

700,000*l.* in 1842, to over a million and a half. Only about 2 millions was wanted. What was to be done?

Precluded, in consequence of the alteration in the manner of collecting the tax made in 1869, when the collection was rendered annual instead of half-yearly—precluded, now that half years in income tax were abolished, from following the precedents of former years, when an additional penny had been imposed for half a year, he proposed to effect the object he had in view by means which involved a change in the mode of assessing the tax. In lieu of a rate of so many pennies in the *£*, there would be a percentage. 6,100,000*l.* was the amount produced by the existing 4*d.* in the 1*l.*, which is 1*l.* 13*s.* 4*d.* per cent. By increasing that percentage to 2*l.* 4*s.* per cent., the additional sum required, viz. 1,950,000*l.*, would be obtained.

The plan for new taxes thus proposed did not meet with a favourable reception. The increased rates for legatees and successors to property on a death were considered to be excessive. The proposed tax on the manufacture of matches was regarded as a step in reversal of the acknowledged policy of all recent fiscal legislation, and as calculated to be injurious to a poor class of people, whom it was cruel to crush out of existence unnecessarily, in a time of remarkable national prosperity. While the alteration in the income tax, from the infinite labour and intricate calculations it would involve, proved far more unpopular than would have been an additional 2*d.* on the old plan.

The chorus of universal condemnation with which the budget was received by the House and the

country, induced the ministers to withdraw their original proposals. First, the match tax was dropped; next, the proposed additions to the taxes on property on a death were given up; and, lastly, the first lord of the treasury had to intervene between the chancellor of the exchequer and his opponents, and, while adhering to the vital principle of the budget—that is to say, the principle of raising the revenue required for the year within the year—cancelled the proposal for a percentage on the income tax. In lieu of the elaborate scheme of the original budget, there was substituted an additional 2*d.* on the income tax, raising the rate to 6*d.*, in what Disraeli, in allusion to lord Eldon's remark about investments in the 3 per cents., termed a budget of 'sweet simplicity.'

The danger of a general tax on property and income lies in the facility afforded by this description of tax for placing the whole weight of any additional taxation required in a particular year upon the backs of this class of taxpayers, by means of a simple augmentation of the rate. This it had been Lowe's object to avoid; and, in that view, he brought across the Atlantic the American tax with which his name was ever afterwards connected, an experiment which undoubtedly had no small share in diminishing the popularity of the administration. 'Ex luce lucellum' had been the motto impressed upon the labels by means of which the tax was to have been collected: a little gain from light. Instead of a little gain from the project, there had been little gain indeed. The dirge of the tax was sung by Mr. Jevons. All that

could be said in its favour will be found in his pamphlet on the subject, and in that pamphlet he particularly directed attention to the cause of the proposal of the tax : ' I am strongly inclined to regret the loss of two millions and a half of sugar duty. Could we have retained the old sugar duty undiminished, we might never have heard of the match tax; and the moral with which I would finish is this: Let us, for the future, allow the chancellor of the exchequer to hold a larger surplus on hand, the produce of which will probably go towards the reduction of the national debt, and we shall then deprive him of any opportunity for imposing new taxes.'

Not long after the settlement of the budget, June 2, the chancellor of the exchequer, in a remarkable speech in the House, on a motion of the member for Brighton, strongly advocated the policy of continuing, in a time of remarkable prosperity, the system we had so long adopted for payment of the national debt, in lieu of the course which had been suggested, substantially, by the hon. member, who would have arrested the payment of the debt in order to reduce considerably the taxes on sugar, tea, and coffee.

In the first part of this speech he pointed out the danger involved in the course of reduction of the few remaining indirect taxes now proposed. ' The adoption of such a proposition as that of the member for Brighton would have prejudicial effect on the capital and resources of the country to an extent that could scarcely be conceived.' ' If you are going,' he said, ' to destroy all indirect taxation, where are the

resources to come from to enable you to meet the requisite payments on account of the Debt, and to provide for the necessary expenditure of the country? It would hardly be possible to have a revenue sufficiently elastic to meet the burden of the public necessities. The Debt would remain, but the sources from which it is paid would be absolutely exhausted. If the tea and sugar duties were abolished, would any man believe that any government would be able, even in the case of an extreme and pressing necessity, to reimpose them, and, if not, would not that by so much strike at the power of the country to meet the exigencies which a great nation like this is continually subject to? The result would be that whenever any great demand had to be made on the resources of the country, it must be made by direct taxation, and that up to a point making it most oppressive to those who would have to pay the taxation, and a greater evil also to the poorer classes than if they had to pay a certain portion of the amount required. If you try to carry direct taxation beyond certain limits, capital will make wings for itself and fly away.' Capital is the fund out of which the great mass of the people are maintained. 'Therefore, nothing could be more impolitic than to drive capital out of the country by any heavy system of taxation; and it would be far better for the interest of the working classes themselves that they should continue to pay a moderate duty on the quasi necessities of life than that that credit by which this country alone exists, in its artificial state of society, should be destroyed.'

In a later part of his speech he drew for the House a picture of our national prosperity.

The effect of some statistics he had collected for the purpose of this speech would be, he said, to exhibit 'the most remarkable evidence of national prosperity which the world ever saw.'

The amount of the funded and unfunded debt in 1825 was 800 millions; in 1850, 787 millions; and in 1870-1 737 millions. The total payments for interest, &c., of debt, including terminable annuities, were, in 1825, 30 millions; in 1850, 28 millions; and in 1870-1, 26 millions. The population in 1825 was 22 millions; in 1850, 27 millions; and in 1870-1, 31 millions. So that, with a population of 31 millions, we were paying 26 millions a year, as against 30 millions paid by a population of 22 millions in 1825.

The revenue raised by taxation, direct and indirect, excluding the post office, telegraph, and other payments into the exchequer, fees in the courts of justice, &c., which cannot fairly be called taxation, being payments for which service is rendered, and miscellaneous receipts which are in the nature of a repayment; deducting these, the revenue raised by taxation was, in 1825, $54\frac{3}{4}$ millions; in 1850, 54 millions; and in 1870-1, $60\frac{1}{2}$ millions. The population had increased 9 millions since 1825, while the revenue raised by taxation had increased in the same period by only 6 millions. The rate of taxation per head was, therefore, in 1825, 2*l.* 9*s.* 3*d.*; in 1850, 1*l.* 19*s.* 3*d.*; and in 1870, 1*l.* 18*s.* 5½*d.*

Taking the consumption of barrels of beer, of

gallons of spirits, and pounds of tobacco. The consumption of barrels of beer was, in 1825 (in England only), nearly 8 millions; in 1850, in the United Kingdom, $15\frac{1}{4}$ millions; and in 1870-1, $25\frac{3}{4}$ millions. The consumption of gallons of home-made spirits, in 1825, was 19 millions; in 1850, $23\frac{3}{4}$ millions; and in 1870-1, 23 millions, being a slight reduction as the House would observe on the consumption of 1850; but the devil lost nothing by that, because it was well made up by the consumption of foreign spirits, which, having been $1\frac{1}{4}$ millions of gallons in 1825, advanced to $2\frac{1}{4}$ millions in 1850, and was in 1870-1, $8\frac{1}{2}$ millions of gallons. As regards tobacco, we consumed in 1825 $16\frac{3}{4}$ millions of pounds; in 1850, $27\frac{1}{2}$ millions of pounds; and in 1870-1, $41\frac{1}{2}$ millions of pounds.

The income tax produced per penny, in 1850, 867,880*l.*, and in 1870-1, 1,520,000*l.* The house tax yielded in 1852, 727,026*l.*, and in 1870-1, 1,129,125*l.*

The official value of the Imports was, in 1825, $37\frac{1}{2}$ millions; in 1850, $105\frac{3}{4}$ millions; and in 1870-1, the real value of the Imports was $303\frac{1}{4}$ millions, nearly trebling themselves in 20 years. The Exports were, in 1825 (official value), 59 millions; in 1850, 190 millions; and in 1870-1, 244 millions.

The Shipping Inwards represented, in 1825, 3 millions of tons; in 1850, 7 millions of tons; and in 1870-1, 18 millions of tons. The Shipping Outwards represented, in 1825, $2\frac{1}{2}$ millions of tons; in 1850, $7\frac{1}{2}$ millions of tons; and in 1870-1, $18\frac{1}{2}$ millions of tons.

The income of the country was estimated by Mr. Dudley Baxter at 860 millions, or about 60 millions more than the amount of the Debt.

On the ground of the singular prosperity evidenced by these statistics, the chancellor of the exchequer made a forcible appeal to the House to continue the system adopted for the payment of the national debt.

But this powerful speech was not made, this 'magnificently stern array' of statistics was not marshalled, solely for the purpose of overwhelming the member for Brighton. It had a wider scope, and was intended as a 'protest against the feeling that seemed to be gaining ground that all we had to do was to make things easy for the present, and disregard alike those who came before us and those who were to come after us.' It was directed against 'English luxury,' as it was then termed in France, and against English luxury it was very severe: 'In France the idol of the nation is glory, and a miserable idol it is; but a worse idol than that is the individualism and selfishness which lead a man not to consider public questions with respect to the community of which he is a member or the interests of his fellow men, but to confine himself within himself, and if he sees his way clear to pass his own life in tranquillity and ease to be content to let others shift for themselves. That was the danger of the time. The sinews of public morality and public duty are relaxed when people encourage a policy of selfishness.'

The speech, which was subsequently printed, had little, if any, effect upon public opinion. Indeed, from the wonderful picture of national prosperity it presented,

which was recognised as correct and duly admired, was drawn a conclusion diametrically opposite to that desired. Shoulders so broad could, it was evident, bear any weight, and the existing debt of between 700 and 800 millions might rightly be termed 'a mere flea-bite.'

In 1872 a productive revenue and economical estimates of expenditure gave a surplus of over $3\frac{1}{2}$ millions, which enabled Lowe to take off the additional $2d.$ of income tax of the preceding year, reducing the rate again to $4d.$; to extend the limit of chargeable incomes entitled to an abatement on assessment, from 200*l.* to 300*l.*; and to increase the amount of allowance from 60*l.* to 80*l.* The loss within the year would be 2,700,000*l.* from the reduction in the rate, and 310,000*l.* from the increased allowance for abatement. 1872.

In addition to this, 230,000*l.* would be devoted to the reduction, by a moiety, of the duties on coffee and chicory.

In February, in fulfilment of an announcement to that effect in the Royal Speech at the commencement of the session, the prime minister introduced into the house of commons a measure for settling the question of university education in Ireland. The Bill did not prove acceptable to the English non-conformists, the conservatives, or the Irish members, catholic or protestant, and was thrown out, on the second reading, by 287 votes to 284. In consequence of this defeat, the ministers resigned office. But Disraeli declined to take office with the existing house of commons, in which he was in a minority, and the ministers therefore resumed their posts, on 1873.

March 30, weakened no doubt by the recent occurrence, but with a House in which they still had a majority of about 90 votes.

The year 1872-3 proved to be the *annus mirabilis* of fiscal years: Home-made spirits had yielded no less than 1,370,000*l.* over the estimate; and malt, 466,000*l.* In all there was an excess of incomings over outgoings of over 5½ millions. A popular budget was to be expected; and a surplus of about 4½ millions rendered such a budget an easy task. Before the recent defeat of the government, it had been hoped that the chancellor of the exchequer would be able, in the year, wholly to wipe out the evil score against us for the *Alabama* indemnity, which, under the Geneva award, amounted to 3,200,000*l.* But only a moiety was paid off in the year, and three millions of the surplus were devoted to the reduction of taxes.

In selecting the taxes to be reduced 'the government thought relief ought to be first applied to cheapening some article which entered largely into the food of the people, and sugar among its other claims was the delight of childhood and the solace of old age, besides being exceedingly nutritious and wholesome.' The duties would produce in the year, if retained at the existing rates, 3,253,000*l.* Half the duties would be taken off, and, allowing for increase in consumption, the loss to the revenue would be 1,430,000*l.* Another 1,425,000*l.*, that being the amount that would be lost within the year, was devoted to a reduction of the income tax from 4*d.* to 3*d.*

Some murmurs of regret were heard in the House

from those who spoke with authority on subjects of finance, that the whole of the *Alabama* indemnity had not been paid off, and that the sugar duties were to be reduced so near to vanishing point. They could not forget that on the last occasion of a reduction of these duties, the chancellor of the exchequer had said: 'I wish it to be clearly understood that, in making the proposal, I am not preparing the way for either further reduction or for abolition,' and that in his great speech on the national debt he had forcibly argued against the abolition of this duty and that on tea, showing the danger of removing these mainstays of our system of taxation. Nevertheless the budget was undoubtedly popular.

In the autumn several changes were made in the ministry. Mr. Bruce accepted a peerage as lord Aberdare, and took the post of president of the council, and Lowe succeeded him at the home office, leaving the seals of the chancellor of the exchequer to the first lord of the treasury, who now united in himself the two posts usually, in former times, held by a prime minister sitting in the house of commons, according to the precedents of Stanhope, Walpole, Pelham, Grenville, North, Pitt, Addington, Spencer Perceval, Canning, and Peel. Mr. Bright again accepted office as chancellor of the duchy of Lancaster.

This rearrangement of the ministry had no effect in altering the result of the bye-elections as they occurred, which continued to be unfavourable to the liberals. At Exeter, in December, and at Stroud, early in January, seats were gained by the conservatives, when

suddenly, on January 23, along the line the signal ran that the parliament of 1868 would be immediately dissolved.

The measures passed by the ministry while in office, taken in the whole, formed a career of alteration and advance too rapid, in English opinion, for further continuation. This consideration brought to the poll many voters who in ordinary elections abstain from voting. The elementary education Act and the Irish university Bill had the effect of curtailing the non-conformist vote on the liberal side. In Ireland many of the ministerial candidates were successfully opposed by home rulers. The result of the general elections reversed the position of parties, giving the conservatives a majority of over 50 votes in the new house of commons ; and Gladstone resigned office before the meeting of parliament.

In the five years of the Gladstone administration there had been repealed the following taxes :—

1. Under the head of income tax, 3*d.* off the rate, reducing it from 6*d.* in 1868 to 3*d.* in 1873 ;
2. The tax on fire insurance ;
3. The taxes on locomotion by means of stage carriages and hackney carriages, and the tax on postmasters ;
4. The import duty on corn ;
5. A considerable portion of the duties on sugar ; and
6. A moiety of the duty on coffee.

If we take the produce of the income tax at the amount stated by the chancellor of the exchequer in his speech on the national debt, 1,520,000*l.*, per penny, 3*d.* represents 4,560,000*l.* of revenue. The tax on fire insurance yielded about a million ; and the taxes on locomotion

thus repealed, 303,000*l.* While the produce of the duty on corn was 850,000*l.* ; the reduction in the sugar duties was effected at the loss of about 4 millions ; and another 230,000*l.* was given up by the reduction of the duty on coffee.

As the consolidation of the stamp duties proved to be a gain rather than a loss to the revenue, and as the alteration of the old assessed tax system was effected also without loss, there is nothing to add under these heads, and the total may be put at about 11 millions.

CHAPTER II.

THE SECOND DISRAELI-BEACONSFIELD ADMINISTRATION,

1874—80.

The budget of 1874. The basis of the estimate of revenue. Surplus of six millions. A million and a quarter devoted to the relief of local taxation. Reduction of the income tax from 3*d.* to 2*d.* Repeal of the taxes relating to horses. Repeal of the tax on sugar. The budget of 1875. New Sinking Fund. The rise in the yield of the spirit duties ceases. 1876, the Suez Canal shares. The budget. Increase in the Army, Naval, and Civil service estimates. Estimate of the revenue. The income tax raised to 3*d.* The ready-made budget of 1877. Bad harvest. The budget of 1878. The income tax raised from 3*d.* to 5*d.* Additional duties on tobacco and on dogs. Another bad harvest. The prospect before budget-day, 1879. The budget. A third bad harvest. General depression. Resolution to dissolve Parliament. The budget of 1880. Disappointment of two millions. Increase in the probate duties.

THE second Disraeli administration comprised Mr. Cross, lord Derby, lord Carnarvon, and Mr. Gathorne Hardy as the secretaries of state for the home, foreign, colonial, and war departments, the marquis of Salisbury as secretary of state for the Indian department, and sir Stafford Northcote as chancellor of the exchequer.

1874. The surplus for 1874—5 was estimated at six millions.

This result was obtained by the complete adoption, the adoption to its fullest extent, of a principle which had been gradually acted upon in the framing of the estimates. In former times, when the world did not move so

fast as it now moves, the practice had been to take the yield of the revenue on an average of years as the basis of the estimate for the coming year. This was the rule, and only a chancellor of the exchequer with the wide grasp and intimate knowledge of fiscal affairs in all their bearings that Peel had, would have ventured to form an estimate upon any other basis.

After the rehabilitation of our fiscal system under Peel, the revenue acquired more certainty in its prospective yield, and a practice was adopted of taking the yield of the preceding year as the basis of the estimate for the coming year; and this practice, notwithstanding the serious disappointment caused in 1860-1 by an estimate of revenue based upon the extraordinary yield of 1859-60, was subsequently maintained, though with considerable caution. The enormous expansion of business under the influence of the railway, the telegraph and free trade, and the rapid increase in our population, with a corresponding increase in the demand for sugar, tea, tobacco, spirits, and beer—in a word, the prosperity of the country in days when wave of wealth followed wave of wealth in one long continued tide; the continuance of these golden days, induced our ministers of finance to go a step further. They now took the estimate of the revenue for the coming year at a higher amount than the yield of the preceding year, adding thereto a sum allowed for a yearly ‘increment,’ to use the fiscal term;¹ and the new practice, notwithstanding the disappointment caused by the over-estimate of 1867-8, had been main-

¹ It is as old as the ‘crementum firmæ’ of the exchequer rolls.

tained as a rule; but never had the principle been fully adopted until this year, when the increase in the revenue was fully taken into consideration in framing the estimates.

Of this surplus of six millions, one million, to be increased next year to a million and a quarter, was devoted to the relief of the heavy local taxation of which the ratepayers complained: in aid of the local rates for lunatic asylums, as a contribution to the cost of the police, and as rates for government buildings; 1,800,000*l.*, of which a million and a half would fall within the year, to a reduction of the income tax to 2*d.*; 480,000*l.*, to the repeal of the taxes on horses, licences for horse dealers, and racehorses, which all had been condemned, as antagonistic to the improvement of our breed of horses, by lord Rosebery's committee of the house of lords; and, two millions, to the total repeal of the tax on sugar, which, at the low rates to which the duties had been reduced in 1873, formed, in the opinion of the chancellor of the exchequer, 'a source of revenue which did more harm than it produced good, upon the whole.' The remission of the tax would stimulate and support the commercial interests of the country, and there was 'a reasonable prospect that England might become the great entrepôt of the sugar trade.'

Thus in the two years 1873-4 had been repealed: 2*d.* of income tax, reducing the rate from 4*d.* to 2*d.*; the tax on sugar; and the taxes on horses, horse dealers, and racehorses—sources of revenue producing about 3 $\frac{3}{4}$ millions, 3 $\frac{1}{4}$ millions, and half a million; in

all, $7\frac{1}{2}$ millions ; while a million and a quarter had been given up in relief of local taxation !

The full operation of these measures was not felt in the fiscal year 1874-5, and under the influence of a bountiful harvest, the revenue, taken in the whole, exceeded the estimate by nearly half a million ; tea being the principal additional contributory, to the amount of 320,000*l.*

For the year 1875-6 our expenditure was estimated at $75\frac{1}{2}$ millions, and as the estimate of revenue was about 400,000*l.* in excess of that amount, the chancellor of the exchequer was able to devote 60,000*l.* to a readjustment of the duties on brewers' licences, for the benefit of the smaller brewers, and to make arrangements for the formation of a new Sinking Fund for payment of part of the national debt. The total amount of the debt on March 31, 1875, was 775 millions ; the annual charge for interest, &c., 27,215,000*l.* ; and the plan of the new Sinking Fund was as follows :—The charge for interest, &c., would be raised, in 1875-6, to 27,400,000*l.* ; in 1876-7 to 27,700,000*l.* ; and in 1877-8 another 300,000*l.* would be added, raising the annual charge from thenceforth to 28 millions.¹

The continuance of the rise in the yield of the duty on tea, while the yield of the duty on spirits had practically come to a standstill, marked our arrival at the point where the stream of expenditure from the rapid and considerable increase that had happened in the wages of labour, which hitherto had flowed in the channel of spirits, divided itself so as to spread through

¹ The Sinking Fund Act, 1875.

several other channels. The immediate result of a rapid and considerable increase in the wages of labour in this country has ever been an excessive indulgence in drink, and more particularly in spirituous liquors. With equal certainty a period of indulgence of this kind is followed by an adjustment of expenditure; for of saving there is little thought—and female influence prevails to divert a fair portion of the increased income of the wage-winner, to whom the first-fruits of success have not been denied, from extravagance to domestic purposes, in increase of the comforts of the house and the family—more meat, bacon, butter, tea and sugar, and boots and clothing. Henceforth those devil's leaps, the jumps in the yield of the spirit duty, of 800,000*l.* in 1872, of 1,500,000*l.* in 1873, and of 900,000*l.* in 1874, were a remembrance of the past, but no precedent for the future; though in tea, as in sugar, had it continued in our fiscal list, and in tobacco we might still expect an increasing yield.

1876. Accordingly, when the actual yield of the revenue for 1875–6 was declared, it appeared that of the million and a half by which it had exceeded the estimated yield, no less than 850,000*l.* was returned under the head of customs, which contains the items tea and tobacco; while under the head of excise, of which the most important item is spirits, there was a deficiency of 114,000*l.*

The revenue for 1876–7 was estimated at a little over 77 $\frac{1}{4}$ millions. On the other hand, the estimate of expenditure was high, in consequence of an increase under the heads of army and navy, and civil service.

The items were as follows: Debt, including the increase under the plan of the Sinking Fund, $29\frac{1}{2}$ millions. Army and Navy, 27 millions. Civil Services, including law and justice and education, $13\frac{1}{4}$ millions. Collection of revenue, $2\frac{3}{4}$ millions. Services undertaken by the crown—post office, telegraph, and packet services, $5\frac{1}{4}$ millions. The total exceeded 78 millions, and the precise amount of deficit was 774,000*l*.

In order to meet this deficit, sir Stafford Northcote, declining to interfere with the new sinking fund, reimposed the penny taken off the income tax in 1874, raising the rate from 2*d*. to 3*d*. But while raising the rate, he narrowed the basis of the tax by allowing, under the 3*d*. rate, a total exemption for incomes under 150*l*., similar to that under Peel's Act of 1842, when the tax was at 7*d*., which had subsequently been cut down, by Gladstone, in 1853, when the rate was reduced prospectively to 5*d*., to 100*l*. of income; and he extended the limit of chargeable incomes entitled to an allowance on assessment from 300*l*. to 400*l*., and the amount of allowance from 80*l*. to 120*l*. In allusion to the extension of the limit of exemption, the prime minister and the chancellor of the exchequer were caricatured as two anglers fishing out of the same punt, and one of them says: 'Aha, dear boy, that's the sort of bait to catch the hundred and fifty pounders. What sport we shall have!'

This prospect of sport was darkened when, after an 1877-8.
uneventful, or, as the chancellor of the exchequer termed it, a 'ready made' budget in 1877, a bad harvest proved the cause of a depression in the revenue

which, in combination with an increase in the estimates of expenditure of about two millions,¹ compelled Stafford Northcote, in 1878, to impose another 2*d.* of additional income tax, and at the same time to increase the duty on tobacco, that 'friend to care' so dear to the working classes, by 4*d.* the pound, to produce 750,000*l.*, and the duty on dogs from 5*s.* to 7*s.* 6*d.*

1879. Parliament was now in the sixth year of its existence, a time when the party who are in, and the party who are out of, power begin to make arrangements preparatory to the ordeal of the hustings, and in plan and promise rarely fail to allow weight to the consideration that, as Burke said of ministers of finance, 'to tax and to be loved is not given to man.' It is known how telling at a general election is a good budget for the 'ins,' and how useful a bad budget to the 'outs.' The importance of a sixth year budget is acknowledged, for it may be, and usually is, the last before the dissolution.

The returns of the produce of the revenue published in the morning papers, in accordance with the practice established by Lowe in 1870, afford, when compared with the votes of the estimates in the House, an easy means of forming a tolerably accurate forecast of the budget arrangements, and from the knowledge thus acquired of the fiscal position, as we approached the budget-day of 1879, a chill seemed to pervade the atmosphere for the tory party, while the whigs

¹ Of this 636,000*l.* occurred under the heads of Army and Navy, and 834,000*l.* under the head of civil service, for the cost of prisons lately transferred to the state, and an increase in the education vote.

exulted in the thought that not only would it be impossible to take off taxes, but that some additional taxation would be required. 'They will never,' it was said, 'be able to manage without another additional 1*d.* of income tax.'

But the government did manage without the penny. A high estimate of revenue was taken, and the budget proposals included an income tax at the previous rate of 5*d.*, and, as the only increase in taxation, 2*d.* in the pound on cigars, and a small duty on manufactured cocoa or chocolate. 'Never shall I forget,' said an eye-witness, 'the looks of disappointment to be seen on glancing along the line of occupants of the front bench on the other side of the House'

Those careful records of bad seasons, the Saxon Chronicle and the Monkish Annalists may be searched in vain for a worse sequence of harvests than those of the three years 1877-9, the last of which proved one of the worst on record. The accumulated pressure told heavily upon the consuming power of the country and the revenue, and when, after lord Beaconsfield's resolution to dissolve, the budget was opened, March 11, the chancellor of the exchequer had no very grateful task to perform. 1880.

In the year which would close at the end of the month, there would prove to be a falling off from the expected yield of the revenue from spirits of nearly a million and a half. Under the head of malt there would be a similar disappointment, of nearly a million, to be attributed partly to the failure and lateness of the barley harvest in the previous year. On the other

hand, there would be an increase in the yield of the probate and legacy duties, which fall upon property as opposed to expenditure, amounting to 460,000*l.* While under the heads of tea and coffee, which as necessities, rather than luxuries, are not so immediately affected by narrowed means as spirits, no decrease would appear. On the whole the disappointment in the revenue for 1879–80 would prove to be no less than two millions.

The estimated expenditure for 1880–1 was, in thousands of pounds, as follows:—Debt, permanent charge, 28,000; other consolidated fund charges, 2,757; total for debt, 30,757. Army, 15,541; home charge for forces in India, 1,100; total for army, 16,641. Navy, 10,493; total for Army and Navy, 27,134. Civil Services, including law and justice, and education, 15,436. Collection of revenue—customs and inland revenue, 2,817. Services undertaken by the crown: post office, 3,420; telegraphs, 1,211; packet service, 710; total, 5,341. Forming in all a total of 81,486,000*l.* The estimated revenue, with an income tax at 5*d.*, was in excess of the amount of the estimated expenditure by 74,000*l.*; and in addition to this, 700,000*l.* was expected from an alteration to be made in the probate duties, giving, in all, a surplus of 774,000*l.*

The surplus was devoted to an arrangement for payment of a portion of the war expenditure for the Eastern Question and the war in South Africa. The expenditure had been about 12½ millions, divided between the two equally; and of this over 8 millions had

been raised by borrowing. Of this 8 millions, 6 were to be paid off by means of terminable annuities, at the rate of 1,400,000*l.* a year. But the additional charge would be only 800,000*l.* per annum, for 625,000*l.* would be taken from the new Sinking Fund towards payment of the annuities.

This immolation of their offspring, the new sinking fund, enabled the government to make some provision for the payment of the late war expenditure, without any additional taxes.

The general elections resulted in the return of a majority of members opposed to the existing administration, and the resignation of lord Beaconsfield before the meeting of the new Parliament.

A summary of the chief alterations in taxation effected under this administration shows that the following taxes had been repealed, viz.:—Those on horses, horse dealers, and racehorses, at a loss of 480,000*l.*, and that on sugar, at a loss of 2 millions. The following taxes had been imposed, viz.:—2*d.* additional of income tax, raising the rate from 3*d.* in 1873 to 5*d.* in 1880, to produce nearly 4 millions. Additional duties on tobacco, to produce about 700,000*l.*, and probate duties in an altered form, to produce an additional 700,000*l.* A million and a quarter had been devoted to the relief of local taxation,¹ and an attempt had been made to create a new Sinking Fund.

¹ In addition to this, the local taxpayer had been relieved from the cost of prisons, under the provisions of the Prisons Act of 1877.

CHAPTER III.

THE SECOND GLADSTONE ADMINISTRATION, 1880—1883.

The supplementary budget of 1880. Additional duties on licenses for publicans. Repeal of the taxes on malt and brewers' licenses. Reimposition of the tax on beer. Additional 1d. on the income tax to cover the change. The budget of 1881. Repeal of the additional 1d. on the income tax. Surtax on foreign spirits and rum. Alterations in the probate and legacy duties. Additional income tax, in 1882, for the Egyptian expedition. Gladstone resigns the chancellorship of the exchequer. Mr. Childers appointed to the post. The budget of 1883.

ON forming his second administration, Gladstone again took, with the post of first lord of the treasury, the seals of the chancellor of the exchequer. Lowe, accepting a peerage, joined lords Aberdare and Cardwell¹ on the benches of the house of lords, as viscount Sherbrooke. Sir William Vernon Harcourt went to the home office. Lords Granville and Kimberley returned to their posts at the foreign and the colonial offices, and Mr. Childers and Lord Hartington became secretaries of state for the war and the Indian departments.

The estimated surplus of 184,000*l.* for 1880–1 was converted subsequently, by 200,000*l.* of supplementary estimates which had become necessary, into a deficit of 16,000*l.* A proposal had been made by the French

¹ Created viscount Cardwell in 1874.

government for a reduction of the duties on wine in connection with the new tariff arrangements under consideration in the chamber of deputies, and should the House think fit to give the government power to make this reduction, the result would be a loss of 233,000*l.* in the year, increasing the deficit to 249,000*l.* While an astounding deficiency, as yet unexplained, had occurred in the revenue from India, in connection with which some claim might arise.

In these circumstances a supplementary budget was necessary. By this budget an increase was made in the duties on publicans' licenses, a measure which had been advised in the report of the house of lords' committee on Intemperance, to produce about 305,000*l.* of additional revenue, which would give a surplus of 56,000*l.* But about half a million more was required.

It was obtained from the surplus produce of an additional 1*d.* on the income tax, after satisfying the requirements of an alteration now made in the taxation of drinkers of beer.

A tax on the drinkers of beer may be levied in a variety of ways: by means of a tax on the materials for brewing; a tax on the beer; a tax on the sale of beer, &c. &c. Different methods have been in force in different countries, at different times; but in this country, formerly, all were in force at the same time:—a tax on beer, and a tax on malt, and a tax on hops, and a tax on maltsters' licenses, and a tax on brewers' licenses, besides taxes upon the various licenses required for dealing in or retailing beer. The tax on beer had been repealed by the Wellington administra-

tion in 1830, and the tax on hops had been commuted by Gladstone in 1862, for an addition to the tax on brewers' licenses. The existing taxes were, therefore, those on malt, maltsters' licenses, brewers' licenses, and the various licenses for the sale of beer. The tax on malt had formed a perpetual subject of complaint for the agriculturists, and that on brewers' licenses was regarded as unfair by the brewers. Those two taxes and the tax on maltsters' licenses were now repealed, and in lieu of them a tax was reimposed upon beer, to produce about the same amount of revenue as the taxes repealed.¹ The expenses of the alteration, including the drawback, or return of duty, to be allowed to the maltsters for their stock on hand, additional cost of excise supervision and other expenses, would be 1,100,000*l.* This would be defrayed out of the produce of an additional 1*d.* on the income tax, which in the year would be 1,425,000*l.*, and 325,000*l.* would remain to form, when added to the 56,000*l.* before mentioned, a revised surplus of 381,000*l.*

1881. Ten times already had Gladstone, as chancellor of the exchequer, submitted to the house of commons the annual statement of the revenue and expenditure of the United Kingdom in speeches which never failed to find, in a full House, an attentive and admiring audience, and now for the eleventh time he opened the budget, April 4, before benches of members as eager as those of any former parliament to listen to his exposition of our financial position.

¹ The estimate of the probable yield of the duty on beer was 8,800,000*l.* The yield, in 1882, was 8,500,000*l.*

The revenue from taxation in 1880-1 had produced 378,000*l.* in excess of the estimate. For the coming year, 1881-2, the expenditure was estimated at about 31½ millions for the charges on the consolidated fund, and 28½ millions for the army and navy. There was a grant in aid to India of half a million. The civil services, including law and justice and education, were taken at 16 millions; the collection of revenue, at 2¾ millions, and the Services undertaken by the crown, including the post office, telegraph, and packet service, at 5½ millions: forming a total of over 84½ millions.

The estimate of revenue was nearly 86 millions; and the exact amount of the surplus was 1,285,000*l.* A repeal of the sixth penny on the income tax, granted to cover the change of the tax on malt into a tax on beer, would convert the surplus into a deficit of 275,000*l.*, but an adjustment of the surtax on foreign spirits and rum would produce an additional 180,000*l.*, and an alteration in the probate and legacy duties another 390,000*l.* in the year, forming a total of 570,000*l.*, which would reconvert the deficit into a surplus of 295,000*l.*

The income tax, at 5*d.*, and the proposals regarding imported spirits and the probate and legacy duties, with some amendments in the revenue laws of minor importance, were enacted in the customs and inland revenue Act of the year.¹

The year 1882-3 was not remarkable for any alterations in taxation, if we except the imposition of

1882.

¹ 44 & 45 Vict. c. 12.

a duty upon articles manufactured in imitation of coffee. The Budget Bill, as the Bill to embody the taxes for the year is usually termed, did not receive the royal assent until August 10 ; and, meanwhile, a vote of credit of 2,300,000*l.* had been proposed (July 24) and passed for the expedition to Egypt. To defray this expenditure an additional $1\frac{1}{2}d.$ on the income tax for the year was granted, to produce, in all, about 2,800,000*l.*, of which 2,262,000*l.* would be collected in the year. The rate of the income tax for the year was thus raised to $6\frac{1}{2}d.$; but no addition was made, as had been proposed in the budget scheme, to the tax on carriages,¹ the chancellor of the exchequer announcing that the state of the revenue would enable him to make the grant proposed for certain purposes in connection with the highways, without any such addition.

On December 16, the prime minister delivered up the seals of the chancellor of the exchequer, which were given to Mr. Childers. Lord Hartington became secretary for war, and was succeeded, as secretary for India, by Lord Kimberley ; and Lord Derby joined the government as secretary for the colonies.

1883.

The most remarkable feature in the budget, which was opened on April 5, was the continuance observable in the decrease of the revenue from alcoholic liquors, combined with a steady advance in the yield of the revenue from tea. The revenue for 1883-4 was estimated as follows : from taxation, 73,385,000*l.*, as against 73,128,000*l.* for the past year ; from other

¹ Viz., 1*l.* 1*s.* for four-wheeled, and 6*s.* for two-wheeled, carriages.

sources, 15,095,000*l.*, as against 15,876,000*l.*; in all, 88,480,000*l.*, as against 89,004,000*l.* The expenditure would be as follows: debt, charges on the consolidated fund, 31,319,000*l.*; army and navy, 28,094,000*l.*, viz. army, 15,607,000*l.*, repayment by India, 1,230,000*l.*, annual grant for the Afghan war, 500,000*l.*; navy, 10,757,000*l.* Civil services, including law and justice and education, 17,253,000*l.* The collection of revenue, 2,775,000*l.* Services undertaken by the crown, including the post office, telegraph and packet services, 6,348,000*l.*; forming a total of 85,789,000*l.*

Deducting this from the estimate of revenue, 88,480,000*l.*, there remained a surplus of 2,691,000*l.* To take the 1½*d.* imposed for the Egyptian expedition from this would cost 2,135,000*l.*, leaving 556,000*l.* The abolition of the railway passenger duty on all fares of 1*d.* the mile and under, and a reduction of duty for fares over that figure on urban traffic, would cost 135,000*l.* in the year and, eventually, 400,000*l.* An arrangement for bonding silver plate, duty free, so as to admit of delay in the payment of the duty until the plate should be taken out for sale, would be preliminary to the abolition of the tax, and would cost, in the year, 10,000*l.* And lastly, a sum of 170,000*l.* would be set aside to meet the views of the House as to the introduction of 6*d.* telegrams.

The total surplus after these deductions would be 241,000*l.*; and this would be further reduced by an alteration in the standard of moisture for tobacco in relation to drawback of the duty, which would cost 1,000*l.*

A new license for sporting, to cost 1*l.* and be available for a fortnight's shooting, would probably have no effect on the returns of revenue from licenses for sporting.

The proposal relating to the warehousing of plate was subsequently dropped, in consequence of representations made by the manufacturers that such a system would, in practice, prove detrimental to their business. The proposal relating to railway passenger duty was carried into effect by the Cheap Trains Act, 1883,¹ and the new game license was brought into existence in the customs and inland revenue Act of the year.²

¹ 46 & 47 Vict. c. 34.

² *Ibid.* c. 10.

SYNOPSIS
OF THE
SOURCES OF THE REVENUE FROM TAXES
IN THE UNITED KINGDOM.

1881

The following statement of the sources of our revenue from taxes in 1881 may be compared with that for 1815 printed on p. 247. The most noteworthy points in the revenue returns since 1881 have been the maintenance of an increase in the yield from tea, and the continuance of a languid condition in the revenue from alcoholic liquors. The direct taxes maintain a moderate advance, notwithstanding hard times, but the reduction of duty in 1883 has diminished the yield from railways.

I. DIRECT TAXES.

1. INCOME TAX, at 5 <i>d.</i> , net produce . . .	£9,200,000
2. INHABITED HOUSES, Great Britain only . .	1,650,000
3. REMNANT OF LAND TAX, G. B.	1,050,000
4. SUCCESSIONS	6,656,000
5. CARRIAGES, SERVANTS, ETC., G. B. . . .	1,345,000
6. RAILWAYS, G. B.	748,000
7. OTHER DIRECT TAXES	462,000
	<hr/> 21,151,000

II. TAXES ON ARTICLES OF CONSUMPTION.

1. ALCOHOLIC LIQUORS:—

(a) Spirits	£18,789,000
(b) Beer	8,500,000 ^a
(c) Wine	1,400,000
(d) Licenses for sale, &c.	1,864,000
	<hr/> 30,553,000

2. NON-ALCOHOLIC LIQUORS:—

(a) Tea	£4,000,000
(b) Coffee	230,000
	<hr/> 4,230,000

3. TOBACCO AND LICENSES	8,500,000
4. CURRENANTS AND OTHER CUSTOMS . . .	604,000
5. MANUFACTURES	202,000
	<hr/> 44,389,000

III. STAMP DUTIES.

1. DEEDS AND INSTRUMENTS	£2,175,000
2. BILLS OF EXCHANGE AND NOTES . . .	868,000
3. RECEIPTS AND OTHER 1 <i>d.</i> STAMPS . . .	877,000
	<hr/> 3,920,000
Total	<hr/> <u>69,460,000</u>

DETAILS.

I. DIRECT TAXES.

1. **INCOME TAX.** Amount of duty charged, under each schedule, in the year 1879-80, the tax at 5*d.* in the £:—

A. Land and houses	£3,545,000
B. Farmers	340,000
C. Dividends	829,000
D. Trades and professions, &c.	4,491,000
E. Offices	541,000
	<hr/>
	9,746,000

2. **INHABITED HOUSES, G. B.** Gross amount of duty charged:—

(a) Shops, warehouses, hotels, public-houses, beer-houses, and farm-houses; rate 6 <i>d.</i>	£434,000
(b) Dwelling-houses; rate 9 <i>d.</i>	1,410,000
	<hr/>
	1,844,000

4. **SUCCESSIONS:—**

(a) Probate	£3,064,000
(b) Legacy and succession	3,592,000
	<hr/>
	6,656,000

5. **CARRIAGES, SERVANTS, ETC., G. B.:—**

(a) Carriages	£543,000
(b) Male servants	137,000
(c) Armorial bearings	79,000
(d) Dogs	350,000
(e) Sporting licenses	161,000
(f) Guns	75,000
	<hr/>
	1,345,000

7. **OTHER DIRECT TAXES:—**

(a) Licenses:	
1. Solicitors	£104,000
2. Bankers	37,000
3. Auctioneers, appraisers, and house agents	81,000
4. Vendors of plate	43,000
5. Pawnbrokers	33,000
6. Hawkers	25,000
7. Refreshment houses	9,000
	<hr/>
	332,000
(b) Marine insurance	130,000
	<hr/>
	462,000

II. TAXES ON ARTICLES OF CONSUMPTION.

1. ALCOHOLIC LIQUORS:—

(a) Spirits:

Home-made	£14,393,000	
Foreign—		
Rum	£2,357,000	
Brandy	1,691,000	
Geneva, &c.	348,000	
	<hr/>	4,396,000
		<hr/> <u>18,789,000</u>

5. MANUFACTURES:—

(a) Plate	£61,000	
(b) Proprietary medicines	138,000	
	<hr/>	<u>202,000</u>

III. STAMP DUTIES.

2. BILLS OF EXCHANGE AND NOTES:—

(a) Bills of exchange, &c.	£740,000	
(b) Bankers' notes and composition for bankers' bills and notes	128,000	
	<hr/>	<u>868,000</u>

SOME ADDITIONAL DETAILS REGARDING THE INCOME TAX.

The total yield of the income tax (net receipt) for the year ended March 31, 1880—the rate being 5*d.* was 9,194,606*l.*; of which no less than seven millions and a half—7,532,772*l.*—were derived from Schedule A., relating to land and houses, and Schedule D., relating to trades and professions: land and houses produced 3,187,043*l.*; and trades and professions, 4,345,729*l.*

SCHEDULE A.

The annual value of land and houses assessed to the tax was as follows:—

Land—

In England	£51,750,000
In the United Kingdom	69,500,000

Houses—

In England	£100,000,000
In the United Kingdom	115,000,000

SCHEDULE D.

This schedule, which has relation, mainly, to income from trades and professions, includes also several particular sources of incomes, which formerly were returned under Schedule A., but, since 1866, have been returned under this schedule. It includes also income from property abroad to persons resident in the United Kingdom; and contains, lastly, what is termed, by lawyers, a sweeping clause inclusive of all income from any source not falling within any particular schedule of the Income Tax Act.

The total value of income assessed to the tax, under this schedule, was as follows:—

In England	£185,500,000
In the United Kingdom	215,500,000

Of this, trades and professions produced—

In England	£110,000,000
In the United Kingdom	127,750,000

Of the remaining $87\frac{1}{2}$ millions, of which $75\frac{1}{2}$ are for England, the particular sources of income formerly returned under Schedule A., produced 21 millions; railways, about $29\frac{1}{2}$ millions, and income from property abroad, $7\frac{1}{2}$ millions.

The following are some of the particulars of the sources of income formerly returned under Schedule A. :

Quarries	.	.	.	.	£1,149,000
Mines	.	.	.	.	7,501,000
Iron works	.	.	.	.	1,720,000
Gas works	.	.	.	.	4,175,000
Water works	.	.	.	.	2,349,000
Canals	.	.	.	.	3,189,000

APPENDICES.

No. I.

COST OF EACH WAR FROM 1688 TO 1869.

No. II.

AMOUNT OF NATIONAL DEBT ACCRUED FROM THE
SEVERAL WARS.

No. III.

ADMINISTRATIONS. 1702—1882.

No. IV.

AVERAGE NAVAL AND MILITARY EXPENDITURE—
PEACE ESTABLISHMENT.

No. V.

SCHEME OF THE TAX ON BURIALS, BIRTHS, AND
MARRIAGES, AND THE TAX ON BACHELORS IN
FORCE MAY 1, 1695, TO AUG. 1, 1706.

No. VI.

CHARACTERS OF SIR ROBERT WALPOLE AND
MR. PELHAM, BY LORD CHESTERFIELD.

No. VII.

EXTRACT FROM BURKE'S THIRD LETTER ON THE
PROPOSALS FOR PEACE WITH THE REGICIDE
DIRECTORY OF FRANCE, 1797.

No. VIII.

STATE OF THE CUSTOMS LAWS IN 1784.

No. IX.

STATEMENT SHOWING THE ESTIMATED AGGREGATE
REDUCTION OF CUSTOMS DUTIES BETWEEN 1835
AND 1853.

No. X.

THE GROSS RECEIPTS OF THE CUSTOMS REVENUE OF
THE UNITED KINGDOM IN EACH YEAR, FROM 1835
TO 1855.

APPENDIX.—No. I.

COST OF EACH WAR FROM 1688 TO 1869.

Computed by deducting the total amount of average annual Peace Establishment for Navy, Army, and Ordnance Services from the total expenditure for those services during the entire period of the war.

DATE	WAR	£
1688-97	War in Ireland and against France, &c.	32,643,764
1702-13	War of Spanish Succession	50,684,956
1718-21	War with Spain	4,547,324
1739-48	War with Spain (Right of Search) and of Austrian Succession	43,655,192
1756-63	Seven Years' War. War expenditure continued to 1766	82,623,738
1776-85	War of American Independence. War expenditure continued to 1786	97,599,496
1793-1815	The Great War with Revolutionary France and Napoleon. War expenditure continued to 1817	831,446,449
1838-43	Insurrection in Canada. Votes of Credit	2,096,046
1840-43	First China War	2,201,028
1848-53	Kaffir War. Total Votes of Credit	2,060,000
1854-56	Russian War. Expenditure continued till 1856.	69,277,694
1856-7	Second China War. Total Votes of Credit	6,640,693
1860-1	Persian Expedition. Total Votes of Credit	900,000
1856-7	New Zealand War. Total Votes of Credit	764,829
1864-5	Abyssinian Expedition	8,600,000
1866-8		

APPENDIX.—No. II.

AMOUNT OF NATIONAL DEBT ACCRUED FROM THE SEVERAL WARS.

DATE	WAR	£
1698. Treaty of Ryswick . . .	GREAT BRITAIN.	14,522,925
1714. " " Utrecht . . .		21,483,098
1749. " " Aix-la-Chapelle . . .		29,173,771
1764. " " Paris . . .		59,633,000
1786. " " Paris . . .		117,285,006
1816. At close of war . . .		504,889,452
	IRELAND.	
1816. At close of war . . .	Great War with France . . .	117,273,575

APPENDIX.—No III.

ADMINISTRATIONS, 1702-1882.

Date	Administration	Chancellor of Exchequer	Important Events
1702. May 8	Godolphin (Lord Treasurer)	Hon. H. Boyle .	War of Spanish Succession, 1702-1713
1711. May 29	Oxford (Harley) "	R. Benson .	Leather, candles, soap, and paper taxes
1714. July 30	Shrewsbury "	Sir R. Onslow	Jacobite Revolt, 1715
" Oct. 14	Halifax (died 1715, May)	Sir R. Walpole	South Sea Company, 1720
1715. Oct. 11	Townshend .	J. Stanhope	Malt tax riots, Scotland, 1725.
1717. Apr. 5	Stanhope .	J. Aislaby .	Excise Bill, 1733. War of Right
1718. Mar. 18	Sunderland .	Sir R. Walpole	of Search, 1739-48
1721 .	Walpole .	S. Sandys	Jacobite Revolt, 1745
1742. Feb. 11	Wilmington (with Carteret), died July, 1743	Hon. H. Pelham .	Carriage tax, 1747
1743. July 26	Pelham .	. . .	Plate tax, 1756
	Broad Bottom Ministry	Hon. H. Legge	
	Pelham died 1754, March	Lytton, 1755	
1754. Apr. 21	Newcastle (resigned 1756, Nov. 11)		

1756. Nov. .	Devonshire and Pitt .	Hon. H. Legge .	Seven Years' War, 1756-63
1756 .	Newcastle and Pitt .	Hon. H. Legge .	
1762. May .	Bute .	Sir F. Dashwood .	Cider tax, 1763
1763. Apr. 8 .	Grenville .	G. Grenville .	Stamp Act for America, 1765
1765. July 10 .	Rockingham .	W. Dowdeswell .	Stamp Act and Cider tax rep. 1766
1766. July 30 .	Grafton and Chatham .	Hon. C. Townshend (died 1767, Sept. 4)	Land tax, 3s., 1767
	Chatham resigned Oct. 1768	Lord North .	
1770. Jan. 8 .	North .	Lord North .	Land tax, 3s. (last time), 1772. Boston tea, 1773. 'Wealth of Nations' pub. 1775. War of American Independence, 1776- 85. Servants' tax and House tax, 1777.
1782. Mar. 20	Rockingham, Shelburne, and Fox	Lord J. Cavendish	
" July 1	Shelburne .	W. Pitt	
1783. Apr. 2	Portland, North, and Fox (Coalition Ministry)	Lord J. Cavendish	
" Dec. 18	Pitt .	W. Pitt .	Commutation tax, 1784. Sinking Fund, 1786. Treaty Com. France, 1787. French Rev., 1789. War with France, 1793- 1815. Triple Assessment, 1798. Income tax, 1799. Marengo, 1800

APPENDIX.—No. III.—*continued.*

ADMINISTRATIONS.

Date	Administration	Chancellor of Exchequer	Important Events
1801. Mar. 21	Addington	H. Addington	Peace of Amiens, 1802
1804. May 16	Pitt	W. Pitt	Austerlitz, 1805
1806. Feb. 10	Grenville and Fox 'All the Talents'	Lord H. Petty	Jena, 1806, Oct. 14
1807. Mar. 31	Portland Canning For. Sec.	Hon. S. Perceval	Luddites, 1811
1809. Dec. 2	Perceval (May 11, 1812)	Hon. S. Perceval	War with America, 1812
1812. June 9	Liverpool	N. Vansittart	Peace of Paris, 1815
"	Canning For. Sec. 1822	Hon. F. J. Robinson, 1823, Jan. 31	Income tax rep. 1816. Salt duty rep. 1822, 1825. Assessed taxes reduced 1823
1827. Apr. 11	Canning	G. Canning	
" Aug. 12	Goderich	J. C. Herries	
1828. Jan. 26	Wellington	H. Goulburn	Beer and leather duties rep. 1830
1830. Nov. 20	Grey	Lord Althorp	Reformed Parliament, 1833

1834. July 14	Melbourne.	.	.	Lord Althorp	House tax rep. 1834
" Dec. 10	Peel (1)	.	.	Sir R. Peel	
1835. Apr. 10	Melbourne	.	.	T. S. Rice	
1841. Sept. 3	Peel (2)	.	.	F. T. Baring, 1839 H. Goulburn.	Reform of tariff. Income tax, 1842. Second reform of tariff, 1845. Irish Famine. Corn Laws rep. 1846.
1846. July 1	Russell (1)	.	.	Sir C. Wood	
1852. Feb. 27	Derby (1)	.	.	B. Disraeli	Soap duty rep. Succession tax.
" Dec. 28	Aberdeen (Coalition)	.	.	W. E. Gladstone	Third reform of tariff, 1853. Crimean War, 1854-6
1855. Feb. 8	Palmerston (1)	.	.	Sir G. C. Lewis	
1858. Feb. 26	Derby (2)	.	.	B. Disraeli	
1859. June 18	Palmerston (2)	.	.	W. E. Gladstone	Paper duty rep. 1862
1865. Nov. 3	Russell (2)	.	.	"	
1866. July 6	Derby (3)	.	.	B. Disraeli	
1868. Mar. 3	Disraeli (1)	.	.	G. W. Hunt	
" Dec. 9	Gladstone (1)	.	.	R. Lowe	
1874. Feb. 18	Disraeli (2)	.	.	W. E. Gladstone, 1873	Sugar duty rep. 1874
1880. Apr. 27	Gladstone (2)	.	.	Sir S. H. Northcote W. E. Gladstone	Malt duty rep. Beer duty 1880

APPENDIX.—No. IV.

*Average Naval and Military Expenditure—Peace
Establishment.*

1685-7	.	.	.	.	£1,101,839
1698-1700	.	.	.	.	1,299,528
1715-17	.	.	.	.	1,713,000
1736-8	.	.	.	.	1,842,245
1753-5	.	.	.	.	1,998,876
1773-5	.	.	.	.	3,811,049
1790-2	.	.	.	.	6,259,099
1851-2 & 3	.	.	.	.	15,591,819

APPENDIX.—No. V.

SCHEME OF THE TAX ON BURIALS, BIRTHS AND MARRIAGES, AND THE TAX ON BACHELORS, IN FORCE FROM MAY 1, 1695, TO AUGUST 1, 1706.

1. Burial, Birth and Marriage Rates.

Degrees, Titles, &c.	Burials				Births		Marriages				
	The party's wife or widow	Eldst son		Younger children	Eldst son	Younger son	The party	Elder son	Younger son		
		£	s. d.							£	s. d.
A Duke or Archbishop	£ 50	4 0	30 4 0	£ 30	2 0	25 2 0	£ 50	2 6	30 2 6	£ 25	2 6
A Marquis	40 4 0	25 4 0	20 4 0	25 2 0	20 2 0	20 2 0	40 2 6	25 2 6	20 2 6	20 2 6	20 2 6
A Earl	30 4 0	20 4 0	15 4 0	20 2 0	15 2 0	15 2 0	30 2 6	20 2 6	15 2 6	15 2 6	15 2 6
A Viscount	25 4 0	17 14 0	13 10 8	17 12 0	13 8 8	13 8 8	25 2 6	17 12 6	13 9 2	13 9 2	13 9 2
A Baron and Bishop	20 4 0	15 4 0	12 4 0	15 2 0	12 2 0	12 2 0	20 2 6	15 2 6	12 2 6	12 2 6	12 2 6
A Baronet or Knight of the Bath	15 4 0	5 4 0	1 4 0	5 2 0	1 2 0	1 2 0	15 2 6	5 2 6	1 2 6	1 2 6	1 2 6
A Knight Bachelor, or Dean	10 4 0	5 4 0	1 4 0	5 2 0	1 2 0	1 2 0	20 2 6	5 2 6	1 2 6	1 2 6	1 2 6
The King's Serjeant at Law	20 4 0	1 4 0	1 4 0	1 2 0	1 2 0	1 2 0	5 2 6	1 2 6	1 2 6	1 2 6	1 2 6
Other Serjeants at Law	15 4 0	1 4 0	1 4 0	1 2 0	1 2 0	1 2 0	5 2 6	1 2 6	1 2 6	1 2 6	1 2 6
An Esquire	5 4 0	1 4 0	1 4 0	1 2 0	1 2 0	1 2 0	1 2 6	1 2 6	1 2 6	1 2 6	1 2 6
A Gentleman	1 4 0	1 4 0	1 4 0	1 2 0	1 2 0	1 2 0	5 2 6	1 2 6	1 2 6	1 2 6	1 2 6
Doctors of Divinity, Law, or Physic.	5 4 0	1 4 0	1 4 0	1 2 0	1 2 0	1 2 0	5 2 6	1 2 6	1 2 6	1 2 6	1 2 6
Persons of 50 <i>l.</i> per annum or 600 <i>l.</i> personal estate	1 4 0	0 14 0	0 14 0	0 12 0	0 12 0	0 12 0	0 12 0	0 12 0	0 12 0	0 12 0	0 12 0
Persons not otherwise charged	0 4 0	0 4 0	0 4 0	0 2 0	0 2 0	0 2 0	0 2 6	0 2 6	0 2 6	0 2 6	0 2 6

2. *The Tax on Bachelors.*

Degrees, Titles, &c.	The party himself	The eldest son	The younger son
	£ s. d.	£ s. d.	£ s. d.
A Duke, &c.	12 11 0	7 11 0	6 5 0
A Marquis	10 1 0	6 6 0	5 1 0
An Earl	7 11 0	5 1 0	3 16 0
A Viscount	6 6 0	4 8 6	3 7 8
A Baron	5 1 0	3 16 0	3 1 0
A Baronet and Knight of the Bath .	3 16 0	1 6 0	1 6 0
A Knight Bachelor	2 11 0	1 6 0	0 6 0
The King's Serjeant at Law	5 1 0	0 6 0	0 6 0
Other Serjeants at Law	3 16 0	0 6 0	0 6 0
Esquires	1 6 0	0 6 0	0 6 0
Gentlemen	0 6 0	0 6 0	0 6 0
Doctors of Divinity, Law, or Physic.	1 6 0	0 6 0	0 6 0
Persons of 50 <i>l.</i> per annum or 600 <i>l.</i> personal estate	0 6 0	0 3 6	0 3 6
Persons not otherwise charged . . .	0 1 0	0 1 0	0 1 0

APPENDIX.—No. VI.

CHARACTERS OF SIR ROBERT WALPOLE AND MR. PELHAM,
BY LORD CHESTERFIELD.

SIR ROBERT WALPOLE.

I MUCH question whether an impartial character of sir Robert Walpole will or can be transmitted to posterity; for he governed this kingdom so long that the various passions of mankind mingled, and in a manner incorporated themselves, with everything that was said or written concerning him. Never was man more flattered, nor more abused; and his long power was probably the chief cause of both. I was much acquainted with him, both in his public and his private life. I mean to do impartial justice to his character; and therefore my picture of him will, perhaps, be more like him than it will be like any of the other pictures drawn of him.

In private life he was good-natured, cheerful, social; inelegant in his manners, loose in his morals. He had a coarse, strong wit, which he was too free of for a man in his station, as it is always inconsistent with dignity. He was very able as a minister, but without a certain elevation of mind necessary for great good or great mischief. Profuse and appetent, his ambition was subservient to his desire of making a great fortune. He had more of the Mazarin than of the Richelieu. He would do mean things for profit, and never thought of doing great ones for glory.

He was both the best parliament-man, and the ablest manager of parliament, that I believe ever lived. An artful

rather than an eloquent speaker; he saw, as by intuition, the disposition of the House, and pressed or receded accordingly. So clear in stating the most intricate matters, especially in the finances, that, whilst he was speaking, the most ignorant thought that they understood what they really did not. Money, not prerogative, was the chief engine of his administration; and he employed it with a success which in a manner disgraced humanity. He was not, it is true, the inventor of that shameful method of governing which had been gaining ground insensibly ever since Charles II., but with uncommon skill and unbounded profusion he brought it to that perfection which at this time dishonours and distresses this country, and which (if not checked, and God knows how it can be now checked) must ruin it.

Besides this powerful engine of government, he had a most extraordinary talent of persuading and working men up to his purpose. A hearty kind of frankness, which sometimes seemed impudence, made people think that he let them into his secrets, whilst the impoliteness of his manners seemed to attest his sincerity. When he found any body proof against pecuniary temptations, which, alas! was but seldom, he had recourse to a still worse art; for he laughed at and ridiculed all notions of public virtue, and the love of one's country, calling them 'the chimerical school-boy flights of classical learning;' declaring himself at the same time, 'No saint, no Spartan, no reformer.' He would frequently ask young fellows, at their first appearance in the world, while their honest hearts were yet untainted, 'Well, are you to be an old Roman? a patriot? You will soon come off of that, and grow wiser.' And thus he was more dangerous to the morals than to the liberties of his country, to which I am persuaded he meant no ill in his heart.

He was the easy and profuse dupe of women, and in some instances indecently so. He was excessively open to flattery, even of the grossest kind, and from the coarsest bunglers of that vile profession; which engaged him to pass most of his leisure and jovial hours with people whose blasted characters

reflected upon his own. He was loved by many, but respected by none; his familiar and illiberal mirth and raillery leaving him no dignity. He was not vindictive, but on the contrary very placable to those who had injured him the most. His good-humour, good-nature, and beneficence, in the several relations of father, husband, master, and friend, gained him the warmest affections of all within that circle.

His name will not be recorded in history among the 'best men' or the 'best ministers;' but much less ought it to be ranked among the worst.

MR. PELHAM.

MR. PELHAM had good sense, without either shining parts or any degree of literature. He had by no means an elevated or enterprising genius, but had a more manly and steady resolution than his brother the duke of Newcastle. He had a gentleman-like frankness in his behaviour, and as great point of honour as a minister can have, especially a minister at the head of the Treasury, where numberless sturdy and insatiable beggars of condition apply, who cannot all be gratified, nor all with safety be refused.

He was a very inelegant speaker in parliament, but spoke with a certain candour and openness that made him be well heard, and generally believed.

He wished well to the public, and managed the finances with great care and personal purity. He was *par negotiis neque supra*; had many domestic virtues and no vices. If his place, and the power that accompanies it, made him some public enemies, his behaviour in both secured him from personal and rancorous ones. Those who wished him worst, only wished themselves in his place.

Upon the whole, he was an honourable man, and a well-wishing minister.

APPENDIX.—No. VII.

EXTRACT FROM BURKE'S THIRD LETTER ON THE PROPOSALS
FOR PEACE WITH THE REGICIDE DIRECTORY OF FRANCE,
1797.—*Works*, v. 401.

‘THE only real question to our present purpose with regard to the higher classes is, how stands the account of their stock, as it consists in wealth of every description? Have the burthens of the war compelled them to curtail any part of their former expenditure; which, I have before observed, affords the only standard of estimating property as an object of taxation? Do they enjoy all the same conveniences, the same comforts, the same elegancies, the same luxuries, in the same, or in as many different modes as they did before the war?

‘In the last eleven years there have been no less than three solemn inquiries into the finances of the kingdom, by three different Committees of your House. The first was in the year 1786. On that occasion, I remember, the Report of the Committee was examined, and sifted, and bolted to the bran, by a gentleman whose keen and powerful talents I have ever admired. He thought there was not sufficient evidence to warrant the pleasing representation which the Committee had made of our national prosperity. He did not believe that our public revenue could continue to be so productive as they had assumed. He even went the length of recording his own inferences of doubt, in a set of resolutions, which now stand upon your Journals. And perhaps the retrospect

on which the Report proceeded did not go far enough back to allow any sure and satisfactory average for a ground of solid calculation. But what was the event? When the next Committee sat in 1791, they found that on an average of the last four years their predecessors had fallen short in their estimate of the permanent taxes by more than three hundred and forty thousand pounds a year. Surely then, if I can show that in the produce of those same taxes, and more particularly of such as affect articles of luxurious use and consumption, the four years of the war have equalled those four years of peace, flourishing, as they were, beyond the most sanguine speculations, I may expect to hear no more of the distress occasioned by the war.

‘The additional burdens which have been laid on some of those same articles might reasonably claim some allowance to be made. Every new advance of the price to the consumer is a new incentive to him to retrench the quantity of his consumption; and if, upon the whole, he pays the same, his property, computed by the standard of what he voluntarily pays, must remain the same. But I am willing to forego that fair advantage in the inquiry. I am willing that the receipts of the permanent taxes which existed before January 1793 should be compared during the war, and during the period of peace which I have mentioned. I will go further. Complete accounts of the year 1791 were separately laid before your House. I am ready to stand by a comparison of the produce of four years up to the beginning of the year 1792 with that of the war. Of the year immediately previous to hostilities I have not been able to obtain any perfect documents; but I have seen enough to satisfy me, that although a comparison including that year might be less favourable, yet it would not essentially injure my argument.

‘You will always bear in mind, my dear Sir, that I am not considering whether, if the common enemy of the quiet of Europe had not forced us to take up arms in our own defence, the spring-tide of our prosperity might not have

flowed higher than the mark at which it now stands. That consideration is connected with the question of the justice and the necessity of the war. It is a question which I have long since discussed. I am now endeavouring to ascertain whether there exists, in fact, any such necessity as we hear every day asserted, to furnish a miserable pretext for counselling us to surrender, at discretion, our conquests, our honour, our dignity, our very independence, and, with it, all that is dear to man. It will be more than sufficient for that purpose, if I can make it appear that we have been stationary during the war. What then will be said, if in reality it shall be proved that there is every indication of increased and increasing wealth, not only poured into the grand reservoir of the national capital, but diffused through all the channels of all the higher classes, and giving life and activity as it passes to the agriculture, the manufactures, the commerce, and the navigation of the country?

‘The Finance Committee, which has been appointed in this Session, has already made two reports. Every conclusion that I had before drawn, as you know, from my own observation, I have the satisfaction of seeing there confirmed by their authority. Large as was the sum by which the Committee of 1791 found the estimate of 1786 to have been exceeded in the actual produce of four years of peace, their own estimate has been exceeded, during the war, by a sum more than one-third larger. The same taxes have yielded more than half a million beyond their calculation. They yielded this, notwithstanding the stoppage of the distilleries, against which you may remember that I privately remonstrated. With an allowance for that defalcation, they have yielded sixty thousand pounds annually above the actual average of the preceding four years of peace. I believe this to have been without parallel in all former wars. If regard be had to the great and unavoidable burthens of the present war, I am confident of the fact.

‘But let us descend to particulars. The taxes, which go by the general name of assessed taxes, comprehend the

whole, or nearly the whole domestic establishment of the rich. They include some things which belong to the middling, and even to all but the very lowest, classes. They now consist of the duties on houses and windows, on male servants, horses, and carriages. They did also extend to cottages, to female servants, waggon, and carts used in husbandry, previous to the year 1792; when, with more enlightened policy, at the moment that the possibility of war could not be out of the contemplation of any statesman, the wisdom of Parliament confined them to their present objects. I shall give the gross assessment for five years, as I find it in the Appendix to the second Report of your Committee:

1791 ending 5th April 1792	.	.	£1,706,334
1792	"	"	1793 . . . 1,585,091
1793	"	"	1794 . . . 1,547,623
1794	"	"	1795 . . . 1,608,196
1795	"	"	1796 . . . 1,625,874

‘Here will be seen a gradual increase during the whole progress of the war; and if¹ I am correctly informed, the rise in the last year, after every deduction that can be made,

¹ The account given above is from the Appendix B. to the Second Report. Since Mr. Burke’s death, a fourth Report has come out, which very fully substantiates his information. There is a table, containing a *view of the Land Tax and Assessed Taxes*, blended together. The amount of the Assessed Taxes may be easily found (except an occasional difference in the last figure, from the omission of the shillings and pence) by deducting the sum of 2,037,627*l.*, which is the gross charge of the Land-Tax, according to the Report of the Committee in 1791.

1789 ending 5th April 1790	.	.	£3,572,434
1790	"	"	1791 . . . 3,741,222
1791	"	"	1792 . . . 3,748,061
1792	"	"	1793 . . . 3,623,819
1793	"	"	1794 . . . 3,635,250
1794	"	"	1795 . . . 3,645,824
1795	"	"	1796 . . . 3,663,501
1796	"	"	1797 . . . 4,101,869

A 10 per cent. was laid upon the Assessed Taxes in 1791, to commence from October 1790. In 1796 were laid a new tax on horses not before included, an additional tax of 2*s.* and a new 10 per cent. These produced in that year altogether 84,232*l.*, which being deducted, will still leave an actual increase in that one year of 354,130*l.*

almost surpasses belief. It is enormously out of all proportion to the increase, not of any single year, but of all the years put together, since the time that the duties, which I have mentioned above, were repealed.

‘There are some other taxes which seem to have a reference to the same general head. The present Minister, many years ago, subjected bricks and tiles to a duty under the excise. It is of little consequence to our present consideration whether these materials have been employed in building more commodious, more elegant, and more magnificent habitations, or in enlarging, decorating, and remodelling those which sufficed for our plainer ancestors. During the first two years of the war, they paid so largely to the public revenue, that in 1794 a new duty was laid upon them, which was equal to one half of the old, and which has produced upwards of 165,000*l.* in the last three years. Yet notwithstanding the pressure of this additional weight,¹ there has

¹ This and the following tables on the same construction are compiled from the Reports of the Finance Committee in 1791 and 1797, with the addition of the separate paper laid before the House of Commons, and ordered to be printed on the 7th of February, 1792.

BRICKS AND TILES.

Years of Peace.	£	Years of War.	£	
1787 . .	94,521	1793 . .	122,975	
1788 . .	90,278	1794 . .	106,811	
1789 . .	91,773	1795 . .	83,804	
1790 . .	104,409	1796 . .	94,668	
	<hr/>		<hr/>	
	£386,981		£408,258	Increase to 1790 21,277 <i>l.</i>
	<hr/>		<hr/>	
1791 . .	115,382	4 years to 1791 . .	407,842	Increase to 1791 416 <i>l.</i>

PLATE.

1787 . .	22,707	1793 . .	25,920	
1788 . .	23,295	1794 . .	23,637	
1789 . .	22,453	1795 . .	25,007	
1790 . .	18,483	1796 . .	28,513	
	<hr/>		<hr/>	
	£86,888		£103,677	Increase to 1790 16,789 <i>l.</i>
	<hr/>		<hr/>	
1791 . .	31,523	4 years to 1791 . .	95,764	Increase to 1791 7,923 <i>l.</i>

been an actual augmentation in the consumption. The only two other articles which come under this description are the stamp duty on gold and silver plate, and the Customs on glass plates. This latter is now, I believe, the single instance of costly furniture to be found in the catalogue of our imports. If it were wholly to vanish, I should not think we were ruined. Both the duties have risen, during the war, very considerably in proportion to the total of their produce.

'We have no tax among us on the great necessities of life with regard to food. The receipts of our Custom House, under the head of Groceries, afford us, however, some means of calculating our luxuries of the table. The articles of tea, coffee, and cocoa-nuts, I would propose to omit, and to take them instead from the excise, as best showing what is consumed at home. Upon this principle, adding them altogether (with the exception of sugar, for a reason which I shall afterwards mention), I find that they have produced, in one mode of comparison, upwards of 272,000*l.*, and in the other mode, upwards of 165,000*l.* more during the war than in peace.¹ An additional duty was also laid in 1795 on tea, another on

GLASS PLATES.

Years of Peace.	£	Years of War.	£	
1787 ..	—	1793 ..	5,655	
1788 ..	5,496	1794 ..	5,456	
1789 ..	4,686	1795 ..	5,839	
1790 ..	6,008	1796 ..	8,871	
	<hr/>		<hr/>	
	£16,190		£25,821	
	<hr/>		<hr/>	
1791 ..	7,880	4 years to 1791 ..	24,070	Increase to 1791 1,721 <i>l.</i>

¹ GROCERIES.

1787 ..	167,380	1793 ..	124,655	
1788 ..	133,191	1794 ..	195,840	
1789 ..	142,871	1795 ..	208,242	
1790 ..	156,311	1796 ..	159,826	
	<hr/>		<hr/>	
	£569,762		£688,563	Increase to 1790 88,801 <i>l.</i>
	<hr/>		<hr/>	
1791 ..	236,727	4 years to 1791 ..	660,100	Increase to 1791 19,463 <i>l.</i>

coffee, and a third on raisins, an article, together with currants, of much more extensive use than would readily be imagined. The balance in favour of our argument would have been much enhanced if our coffee and fruit-ships from the Mediterranean had arrived, last year, at their usual season. They do not appear in these accounts. This was one consequence arising (would to God, that none more afflicting to Italy, to Europe, and the whole civilised world had arisen!) from our impolitic and precipitate desertion of that important maritime station. As to sugar,¹ I have excluded it from the

TEA.

Years of Peace.	£	Years of War.	£	
1787 ..	424,144	1793 ..	477,644	
1788 ..	426,660	1794 ..	467,132	
1789 ..	539,575	1795 ..	507,518	
1790 ..	417,736	1796 ..	526,307	
	<hr/>		<hr/>	
	£1,808,115		£1,978,601	Increase to 1790 170,486 <i>l</i> .
	<hr/>		<hr/>	Increase to 1791 145,921 <i>l</i> .
1791 ..	448,709	4 years to 1791 ..	1,832,680	

The additional duty imposed in 1795, produced in that year 137,656*l*. and in 1796, 200,107*l*.

COFFEE AND COCOA-NUTS.

1787 ..	17,006	1793 ..	30,840	
1788 ..	30,217	1794 ..	49,177	
1789 ..	34,784	1795 ..	27,913	
1790 ..	38,647	1796 ..	19,711	
	<hr/>		<hr/>	
	£120,654		£133,647	Increase to 1790 12,993 <i>l</i> .
	<hr/>		<hr/>	Decrease to 1791 11,195 <i>l</i> .
1791 ..	41,194	4 years to 1791 ..	144,842	

The additional duty of 1795 in that year gave 16,775*l*., and in 1796 15,319*l*.

¹ SUGAR.

1787 ..	1,065,109	1793 ..	1,473,130	
1788 ..	1,184,458	1794 ..	1,302,965	
1789 ..	1,005,106	1795 ..	1,338,246	
1790 ..	1,060,108	1796 ..	1,474,890	
	<hr/>		<hr/>	
	£4,413,781		£5,670,249	Increase to 1790 1,265,468 <i>l</i> .
	<hr/>		<hr/>	Increase to 1791 1,288,524 <i>l</i> .
1791 ..	1,044,053	4 years to 1791 ..	4,392,725	

groceries, because the account of the Customs is not a perfect criterion of the consumption, much having been re-exported to the north of Europe, which used to be supplied by France; and there are no materials to furnish grounds for computing this re-exportation. The increase on the face of our entries is immense during the four years of war—little short of thirteen hundred thousand pounds.

‘The increase of the duties on Beer has been regularly progressive, or nearly so, to a very large amount.’¹ It is a

There was a new duty on *Sugar* in 1791, which produced in 1794, 234,292*l.*, in 1795, 206,932*l.*, and in 1796, 245,024*l.* It is not clear from the Report of the Committee whether the additional duty is included in the account given above.

¹ BEER, &c.

Years of Peace.	£	Years of War.	£	
1787 ..	1,761,429	1793 ..	2,043,902	
1788 ..	1,705,199	1794 ..	2,082,053	
1789 ..	1,742,514	1795 ..	1,931,101	
1790 ..	1,858,043	1796 ..	2,294,377	
	<hr/>		<hr/>	Increase to 1790
	£7,067,185		£8,351,433	1,284,248 <i>l.</i>
	<hr/>		<hr/>	Increase to 1791
1791 ..	1,880,478	4 years to 1791 ..	7,186,234	1,165,199 <i>l.</i>

WINE.

1787 ..	219,934	1793 ..	222,887	
1788 ..	215,578	1794 ..	283,644	
1789 ..	252,649	1795 ..	317,072	
1790 ..	308,624	1796 ..	187,818	
	<hr/>		<hr/>	Increase to 1790
	£996,785		£1,011,421	14,638 <i>l.</i>
	<hr/>		<hr/>	Decrease to 1791
1791 ..	336,549	4 years to 1791 ..	1,113,400	101,979 <i>l.</i>

QUANTITY IMPORTED.

	Tons.		Tons.
1787 ..	29,978	1793 ..	22,788
1788 ..	25,442	1794 ..	27,868
1789 ..	27,414	1795 ..	32,033
1790 ..	29,182	1796 ..	19,079

The additional duty of 1795 produced that year 730,871*l.*, and in 1796, 394,683*l.* A second additional duty which produced 98,165*l.* was laid in 1796.

good deal above a million, and is more than equal to one-eighth of the whole produce. Under this general head some other liquors are included,—cider, perry, and mead, as well as vinegar and verjuice; but these are of very trifling consideration. The excise duties on wine, having sunk a little during the first two years of the war, were rapidly recovering their level again. In 1795, a heavy additional duty was imposed upon them, and a second in the following year; yet being compared with four years of peace to the end of 1790, they actually exhibit a small gain to the revenue. And low as the importation may seem in 1796, when contrasted with any year since the French Treaty in 1787, it is still more than 3,000 tons above the average importation for three years previous to that period. I have added sweets, from which our factitious wines are made; and I would have added spirits, but that the total alteration of the duties in 1789 and the recent interruption of our distilleries rendered any comparison impracticable.

‘The ancient staple of our island, in which we are clothed, is very imperfectly to be traced on the books of the Custom House; but I know that our woollen manufactures flourish. I recollect to have seen that fact very fully established, last year, from the registers kept in the West-Riding of Yorkshire. This year, in the west of England I received a similar account, on the authority of a respectable clothier in that

SWEETS.

Years of Peace.	£	Years of War.	£	
1787 ..	11,167	1793 ..	11,016	
1788 ..	7,375	1794 ..	10,612	
1789 ..	7,202	1795 ..	13,321	
1790 ..	4,953	1796 ..	15,050	
	<hr/>		<hr/>	
	£30,697		£49,990	Increase to 1790 19,302l.
	<hr/>		<hr/>	
1791 ..	13,282	4 years to 1791 ..	32,812	Increase to 1791 17,178l.

In 1795 an additional duty was laid on this article, which produced that year 5,679*l.*, and in 1796, 9,443*l.*, and in 1796 a second to commence on the 20th of June; its produce in that year was 2,325*l.*

quarter, whose testimony can less be questioned; because, in his political opinions, he is adverse, as I understand, to the continuance of the war. The principal articles of female dress, for some time past, have been muslins and calicoes.¹ These elegant fabrics of our own looms in the East, which serve for the remittance of our own revenues, have lately been imitated at home, with improving success, by the ingenious and enterprising manufacturers of Manchester, Paisley, and Glasgow. At the same time the importation from Bengal has kept pace with the extension of our own dexterity and industry; while the sale of our printed goods,² o. both kinds, has been with equal steadiness advanced, by the taste and execution of our designers and artists. Our woollens and cottons, it is true, are not all for the home market. They do not distinctly prove, what is my present point, our own wealth by our own expense. I admit it: we

¹ MUSLINS AND CALICOES.

Years of Peace.	£	Years of War.	£	
1788 . .	129,297	1793 . .	173,050	
1789 . .	138,660	1794 . .	104,902	
1790 . .	126,267	1795 . .	103,856	
1791 . .	128,364	1796 . .	272,544	
	<u>£522,588</u>		<u>£654,352</u>	Increase to 1791 131,764 <i>l</i> .

This table begins with 1788. The net produce of the preceding year is not in the Report, whence the table is taken.

² PRINTED GOODS.

1787 . .	142,000	1793 . .	191,566	
1788 . .	154,486	1794 . .	190,554	
1789 . .	153,202	1795 . .	197,416	
1790 . .	167,156	1796 . .	230,530	
	<u>£616,844</u>		<u>£810,066</u>	Increase to 1790 193,222 <i>l</i> .
				Increase to 1791 143,733 <i>l</i> .
1791 . .	191,489	4 years to 1791 . .	666,333	

These duties for 1787 are blended with several others. The proportion of printed goods to the other articles for four years was found to be one-fourth. That proportion is here taken.

export them in great and growing quantities; and they, who croak themselves hoarse about the decay of our trade, may put as much of this account as they choose to the creditor side of money received from other countries in payment for British skill and labour. They may settle the items to their own liking, where all goes to demonstrate our riches. I shall be contented here with whatever they will have the goodness to leave me, and pass to another entry, which is less ambiguous—I mean that of silk.¹ The manufactory itself is a forced plant. We have been obliged to guard it from foreign competition by very strict prohibitory laws. What we import is the raw and prepared material, which is worked up in various ways, and worn in various shapes by both sexes. After what we have just seen, you will probably be surprised to learn that the quantity of silk imported during the war has been much greater than it was previously in peace; and yet we must all remember, to our mortification, that several of our silk ships fell a prey to Citizen Admiral Richery. You will hardly expect me to go through the tape and thread, and all the other small wares of haberdashery and millinery to be gleaned up among our imports. But I shall make one observation, and with great satisfaction, respecting them. They gradually diminish as our own manufactures of the same description spread into their places; while the account of ornamental articles which our country does not produce, and we cannot wish it to produce, continues, upon the whole, to rise in spite of all the caprices of fancy and fashion. Of this

¹ SILK.

Years of Peace.	£	Years of War.	£	
1787 ..	159,912	1793 ..	209,915	
1788 ..	123,998	1794 ..	221,306	
1789 ..	157,730	1795 ..	210,725	
1790 ..	212,522	1796 ..	221,007	
	<hr/>		<hr/>	Increase to 1790
	£854,162		£862,955	208,793 <i>l</i> .
	<hr/>		<hr/>	Increase to 1791
1791 ..	279,128	4 years to 1791 ..	773,378	89,577 <i>l</i> .

kind are the different furs¹ used for muffs, trimmings, and linings, which, as the chief of the kind, I shall particularise. You will find them below.

‘The diversions of the higher classes form another, and the only remaining, head of inquiry into their expenses. I mean those diversions which distinguish the country and the town life; which are visible and tangible to the statesman; which have some public measure and standard. And here, when I look to the report of your Committee, I, for the first time, perceive a failure. It is clearly so. Whichever way I reckon the four years of peace, the old tax on the sports of the field has certainly proved deficient since the war. The same money, however, or nearly the same, has been paid to Government; though the same number of individuals have not contributed to the payment. An additional tax was laid in 1791, and, during the war, has produced upwards of 61,000*l.*; which is about 4,000*l.* more than the decrease of the old tax, in one scheme of comparison, and about 4,000*l.* less, in the other scheme. I might remark that the amount of the new tax, in the several years of the war, by no means bears the proportion, which it ought, to the old. There seems to be some great irregularity or other in the receipt; but I do not think it worth while to examine into the argument. I am willing to suppose that many who, in the idleness of peace, made war upon partridges, hares, and pheasants, may now carry more noble arms

¹ FURS.

Years of Peace.	£	Years of War.	£	
1787 ..	3,463	1793 ..	2,829	
1788 ..	2,957	1794 ..	3,353	
1789 ..	1,151	1795 ..	3,266	
1790 ..	3,328	1796 ..	6,138	
	<hr/>		<hr/>	Increase to 1790
	£10,899		£15,586	4,687 <i>l.</i>
	<hr/>		<hr/>	Increase to 1791
1791 ..	5,731	4 years to 1791 ..	13,167	2,419 <i>l.</i>

The skins here selected from the Custom-House accounts are, *Black Bear, Ordinary Fox, Marten, Mink, Musquash, Otter, Raccoon, and Wolf.*

against the enemies of their country. Our political adversaries may do what they please with that concession. They are welcome to make the most of it. I am sure of a very handsome set-off in the other branch of expense ; the amusements of a town life.

‘There is much gaiety, and dissipation, and profusion, which must escape and disappoint all the arithmetic of political economy. But the theatres are a prominent feature. They are established through every part of the kingdom, at a cost unknown till our days. There is hardly a provincial capital which does not possess, or which does not aspire to possess, a Theatre-Royal. Most of them engage for a short time, at a vast price, every actor or actress of name in the metropolis ; a distinction which, in the reign of my old friend Garrick, was confined to very few. The dresses, the scenes, the decorations of every kind, I am told, are in a new style of splendour and magnificence ; whether to the advantage of our dramatic taste, upon the whole, I very much doubt. It is a show and a spectacle, not a play, that is exhibited. This is undoubtedly in the genuine manner of the Augustan age, but in a manner which was censured by one of the best poets and critics of that or any age :—

*Migravit ab aure voluptas
Omnis ad incertos oculos, et gaudia vana :
Quatuor aut plures aulae premuntur in horas,
Dum fugiunt equitum turmae, peditumque catervae—*

I must interrupt the passage, most fervently to deprecate and abominate the sequel,

Mox trahitur manibus Regum fortuna retortis.

I hope that no French fraternisation, which the relations of peace and amity with systematised regicide would assuredly sooner or later draw after them, even if it should overturn our happy constitution itself, could so change the hearts of Englishmen as to make them delight in representations and processions, which have no other merit than that of degrading

and insulting the name of Royalty. But good taste, manners, morals, religion, all fly, wherever the principles of Jacobinism enter; and we have no safety against them but in arms.

‘The proprietors, whether in this they follow or lead what is called the town, to furnish out these gaudy and pompous entertainments, must collect so much more from the public. It was just before the breaking out of hostilities that they levied for themselves the very tax which, at the close of the American war, they represented to Lord North as certain ruin to their affairs to demand for the State. The example has since been imitated by the managers of our Italian Opera. Once during the war, if not twice (I would not willingly misstate anything, but I am not very accurate on these subjects) they have raised the price of their subscription. Yet I have never heard that any lasting dissatisfaction has been manifested, or that their houses have been unusually and constantly thin. On the contrary, all the three theatres have been repeatedly altered, and refitted, and enlarged, to make them capacious of the crowds that nightly flock to them; and one of those huge and lofty piles, which lifts its broad shoulders in gigantic pride, almost emulous of the temples of God, has been reared from the foundation at a charge of more than fourscore thousand pounds, and yet remains a naked, rough, unsightly heap.

‘I am afraid, my dear Sir, that I have tired you with these dull, though important details. But we are upon a subject which, like some of a higher nature, refuses ornament, and is contented with conveying instruction.’

APPENDIX.—No. VIII.

STATE OF THE CUSTOMS LAWS IN 1784.

THE following is an extract from the first Report of the commissioners of customs. After a brief history of the customs laws, and a statement that the whole number of Acts relating to the customs passed previous to the accession of George III. was 800, to which were added in the first fifty-three years of his reign 1,300 more—some of which were obsolete, but which formed a difficult question for merchants and officers of customs, the commissioners add, with regard to the state of things to remedy which Pitt introduced, in 1787, his customs consolidation Act, based upon 3,000 resolutions of the house of commons :—

‘ The first important attempt to consolidate the customs laws was made in the 12th year of Charles II., when the Act called the “Book of Rates” was passed. An additional “Book” was issued in the 2nd year of George I. ; but as new duties came to be added and old ones to be modified, fresh complications were introduced into the statutes, till the whole system grew into a bewildering and appalling chaos, of which the following specimen may give us some adequate idea :—

EXAMPLE OF AN INWARD DUTY PAID ENTRY IN 1784.

20 Reams French Royal Paper for the new Duties.

10 Ream Atlas Fine.

10 Ream Super Royal Fine.

	Gross Money as computed on the Bills. ¹	Nett Money as entered in Cash Book.
	£ s. d.	£ s. d.
Old Subsidy	20 0 0	1 0 0
New Subsidy	20 0 0	1 0 0
$\frac{1}{2}$ Subsidy	6 13 4	0 6 8
$\frac{3}{4}$ Subsidy	13 6 8	0 13 4
Subsidy, 1747	20 0 0	1 0 0
Subsidy, 1759	20 0 0	1 0 0
Impost, 1692	100 0 0	5 0 0
French Duty	100 0 0	5 0 0
Duty on Soap, Paper, &c.	280 0 0	14 0 0
Additional Duty, do.	140 0 0	7 0 0
Duty on Paper, 1784	140 0 0	7 0 0
	860 0 0	2 3 0
Impost, 1779	43 0 0	2 3 0
Impost, 1782	43 0 0	
	£946 0 0	47 6 0

EXPLANATION OF THE PROCESS OF COMPUTATION.

This article is rated at £1 the Ream; the amount, 20 Ream is £20.

By what Act granted.	The Branches to which it is liable are	£ s. d.
12 Chas. 2. cap. 4. .	The Old Subsidy, which is 5 per cent. on the rate.	1 0 0
9 & 10 W. 3. cap. 23 .	New Subsidy, which is 5 per cent. on the rate.	1 0 0
2 & 3 Ann. cap. 9 .	$\frac{1}{2}$ Subsidy, „ $\frac{1}{2}$ part of New Subsidy.	0 6 8
3 & 4 Ann. cap. 5 .	$\frac{3}{4}$ Subsidy, „ $\frac{3}{4}$ parts of do.	0 13 4
21 Geo. 2. cap. 2 .	Subsidy, 1747, „ 5 per cent. on the rate.	1 0 0
32 Geo. 2. cap. 10 .	Subsidy, 1759, „ Do.	1 0 0
4 Wm. & Mary, cap. 5.	Impost, 1692 „ 25 per cent. as French goods, do.	5 0 0
7 & 8 Wm. 3. cap. 20 .	French duty „ Do.	5 0 0

¹ It was the practice at this time to compute the duties at twenty times their amount in the first instance.

EXPLANATION OF THE PROCESS OF COMPUTATION (Continued).

By what Act granted	The Branches to which it is liable are	
10 Ann. cap. 19 . . .	Duty on soap, paper, &c. This duty is a specific sum per ream, according to the particular sort or quality of the Royal paper, independent of the former duties, which were relative to the general term of Royal only, viz. : 10 Ream Atlas Fine at £16 per Ream . . . £8 0 0 10 Ream Super Royal Fine at £12 6 0 0	£ . . .
12 Ann. st. 2. cap. 9 .	Additional duty on soap, paper, &c. is $\frac{1}{2}$ the preceding one.	14 0 0 7 0 0
24 Geo. 3. cap. 18 . .	Duty on Paper, 1784, is constructed on similar principles with the two former duties, viz. : 10 Reams Atlas at £10 per Ream £5 0 0 10 Ream Royal at £4 do 2 0 0	
19 Geo. 3. cap. 25 . .	Imposts, 1779, being 5 per cent. on the total amount of all the before-mentioned duties.	7 0 0 2 3 0
22 Geo. 3. cap. 66 . .	Impost, 1782, being 5 per cent. on the total amount of all other duties except the Impost, 1779. Total nett Duty	2 3 0 £47 6 0

APPENDIX.—No. IX.

STATEMENT SHOWING THE ESTIMATED AGGREGATE REDUCTION
OF CUSTOMS DUTIES BETWEEN 1835 AND 1853.¹

Years	Estimated Loss by the Repeal or Reduction of Duties	Estimated Gain by the Imposition or Augmenta- tion of Duties
1835	£ 31,877	£ 75
1836	143,116	797
1837	234	—
1838	289	—
1839	4,950	—
1840	—	1,080,226
1841	27,170	—
1842	1,498,944	160,822
1843	171,521	—
1844	286,431	—
1845	3,603,561	—
1846	735,228	2,000
1847	344,886	—
1848	585,968	—
1849	388,798	—
1850	334,151	—
1851	801,064	—
1852	95,928	—
1853	1,490,474	16,383
	10,553,590	1,240,303
Excess in the Amount of Duties repealed or re- duced beyond that of those imposed or aug- mented, from 1835 to 1853, both inclusive.	9,313,287	

¹ First Report of the Commissioners of Customs, 1857.

APPENDIX.—No. X

THE GROSS RECEIPT OF THE CUSTOMS REVENUE OF THE
UNITED KINGDOM IN EACH YEAR FROM 1835 TO 1855.

Years.	Gross Receipt. £	Years.	Gross Receipt. £
1835 . . .	23,148,800	1847 . . .	21,824,010
1836 . . .	23,959,037	1848 . . .	22,785,942
1837 . . .	22,907,616	1849 . . .	22,483,956
1838 . . .	23,210,881	1850 . . .	22,194,142
1839 . . .	23,508,681	1851 . . .	22,373,662
1840 . . .	23,657,943	1852 . . .	22,312,514
1841 . . .	23,821,486	1853 . . .	22,737,284
1842 . . .	22,771,315	Year ended 31st March	
1843 . . .	22,850,169	1855 . . .	22,245,118
1844 . . .	24,277,477	1856 . . .	23,481,818
1845 . . .	22,007,578		
1846 . . .	22,611,708		

INDEX.

ABE

ABERDEEN, coalition ministry, 320
 Abyssinian expedition, the, 352
 Act for the hereditary excise, 24;
see Excise.
 Act of Navigation, rigorously enforced by Grenville, 146
 Act of Union, the, fiscal arrangements with Scotland under, 73, 74
 Act against spirituous liquors, Jekyll's, repealed, 113
 Addington, Henry, *see* Sidmouth.
 Addison, secretary of state, 88; retires, 89
 Administrations, table of, 404-407
 Advertisement duty, imposed, 80; doubled, 135; reduced, 281; repealed, 323
 Agricultural stock insurances, exempted from duty, 285
 Aialabie, John, chancellor of the exchequer, 89; his share in South Sea scheme, *ib.*
 Aix-la-Chapelle, Peace of, 125, 129
 Alabama indemnity, the, 374
 Almanacs, tax on, repealed, 289 (note)
 Althorp, *see* Spencer.
 American colonies, Grenville's scheme for their taxation, 149-152; their resistance to the Stamp Act, 151; new taxation of, by Charles Townshend, 157; repeal

BAC

of Townshend's import duties in, 161; their Declaration of Independence, 162; war of, with England, *ib.*
 Amiens, Peace of, 219, 252
 Annual grant, of the land tax and malt duty, 71; of the tea duty, 347
 Annuities, terminable, fall in, 334; fresh creation of, in 1867, 352
 Armorial bearings, taxed, 215, 240, 355
 Assessed taxes, the, organised by Pitt, 188; additional duty on, 193, 203, 205, 209; triple assessment of Pitt in 1798, 214; further increase of, 223, 225; their consolidation by Spencer Perceval, 226; repeal of, in Ireland, 259, 305; rise in, 296; revised, 323; their break-up, 358
 Assessments under the commonwealth, 5, 6, 32, 36; taxation of the clergy by, 32
 Attorneys, taxed, 189, 204, 241
 Auction duties, 169; increased, 210; yield from, 241; proposed repeal of, 281; repealed, 308
 Austerlitz, battle of, 223
 Austrian Succession War, 111, 170

BACHELORS and widowers, tax on, 49

BAN

- Bankers, taxed, 33, 227, 242
- Baring, Francis, afterwards lord Northbrook, junior lord of the treasury, 280; secretary of the treasury, 290; chancellor of the exchequer, 296
- Bath, William Pulteney, earl of, secretary at war, 87; resigns his office, 88; joins the opposition, 90, 103, 110; refuses office, 112; raised to the peerage, 113; his meeting with Walpole in the House of Lords, *ib.*; his hopes of power overthrown by Pelham's appointment, 114; his nonentity, 126
- Beaconsfield, Benjamin Disraeli, earl of, chancellor of the exchequer, 318; proposes the reduction of malt duty, 319; again chancellor of the exchequer, 331; sinking fund repealed by, *ib.*; chancellor of the exchequer, 351; his budget of 1867, *ib.*; prime minister, 353; resigns, *ib.*; his second administration, 378; resigns, 387
- Beaver skins, duty on, reduced by Walpole, 94
- Beckford, alderman, taxes proposed by, 135; opposes Legge, 137; his death, 159
- Bed-chamber Plot, the, 295, 303
- Bedford, John, duke of, appointed lord lieutenant of Ireland, 134; becomes president of the council, 145; his death, 159 (note)
- Beer, duties on, 24-26, 29, 31, 34, 42, 55; additional duty on, 75, 82; great increase of taxation on, 139, 140, 166, 174, 179, 219, 242; Adam Smith on the taxation of, 171, 173; yield of the tax, 243; repeal of the tax on, 277, 389; consumption of, in 1825, 371; tax re-imposed on, 390
- Bexley, *see* Vansittart.

BUT

- Bills of exchange, tax on, 174; additional duties on, 179, 217
- Births, deaths, and marriages, tax on, 49, and Appendix
- Blake, admiral, a tax commissioner, 7
- Bolingbroke, Henry St. John, viscount, 73, 77, 82, 126
- Book of Rates, under the commonwealth, 6; in 1660, 18, 20; additional, under Walpole, 95
- Boston, tea riots in, 162; its port closed, *ib.*
- Brandy, French, increased consumption of, in England, 26; Dutch exclusion of, 30 (note); its taxation, 36, 42; importation of, prohibited, 55, 59; its Scotch importation into England, 74; duty on, reduced, 190; addition to duty on, French and English, 194; additions to duties on, made perpetual, 203; further taxation of, 205, 209, 243; duty on, reduced, 335
- Brewers' licenses, produce of the duty on, 243; readjusted in 1875, 381; repeal of the duty, 390
- Brewing, private, proposed tax on, 226, 232, 345
- Bricks, proposed taxation of, 132, 185; additional duty on, 204, 209, 245; repeal of the tax, 313, 314
- British wines, tax on, abolished, 289
- Burke, Edmund, 154; quoted, 155, 156, 174
- Byng, admiral, 133
- Budget, opening the, first use of the term, 140
- Bute, John, earl of, secretary of state, 139; first lord of the treasury, 140; supports the cider bill, 142; resigns office, *ib.*; caricatured, *ib.*
- Butlerage, 19; abolition of, 227 (note)

CAL

CALENDAR, the, reformed by Chesterfield, 125
 Calicoes and cottons, tax on, repealed, 281, 293
 Cambric, French monopoly of, 190
 Campbell, John, lord, on political affairs in 1841, 304
 Canada, conquest of, 136, 148
 Canals, traffic increased by means of, 200; proposed taxation on, 211
 Candle tax, 76, 185; Adam Smith on, 163, 213; reduced, 194, 214; repealed, 281, 293, 322; estimate of its yield, 248
 Canning, George, foreign secretary, 226; his duel with Castlereagh, 228; resigns, *ib.*; refuses office, 231; his administration in 1827, 271; his death, 272
 Canningites, the, 273, 290
 Cape wine, reduction of duty on, 289
 Card tax, 78, 132, 151, 164
 Carkesse, C., his tables of the customs duties, 96
 Carriage tax, imposed by Pelham, 119, 120, 125, 183; extended by North, 164; comprised in the assessed taxes, 188; increased, 191; changed to a license tax, 355
 Carteret, *see* Granville.
 Castlereagh, Robert, viscount (marquis of Londonderry), president of the board of control, 222; secretary for the colonies, 226; out of office, 228; his duel with Canning, *ib.*; secretary for foreign affairs, 231; leader of the house of commons, *ib.*; death of, in 1822, 260
 'Catskin war,' the, origin of the name, 130
 Cavendish, lord John, appointed commissioner of the treasury, 163; goes out of office, 155; chancellor of the exchequer, 177; resigns, 178; again in office, 179
 Chandos, the marquis of, his motion

CID

in 1834 for relief of agricultural classes, 289
 Charles II., his restoration, 17; royal demesne restored to, 28; his extravagance, *ib.*
 Charles X. of France, his illegal ordinances and deposition, 278
 Chatham, earl of (William Pitt), heads the opposition against Walpole, 110; excluded from office, 113; disliked by George II., 116, 126; in the Pelham ministry, 125; dismissed, 127; becomes secretary of state, 133; dismissed from office, 134; his popularity, *ib.*; coalition of Newcastle with, *ib.*; his vigorous administration, 135; his speech on excises, 138; resigns office, 139; called on by George III. to take office, 144; his failure, 145; his speech against the Stamp Act, 154; again summoned by the king, 155; forms a new administration, *ib.*; created earl of Chatham, *ib.*; his illness, 156, 158; resigns office, *ib.*
 Cheque duty, 331
 Chesterfield, Philip Dormer Stanhope, fourth earl, lord steward, 103; excluded from office, 112; his speech on the Gin Act, 113; lord lieutenant of Ireland, 116; his second embassy to Holland, *ib.*; resigns his post of secretary of state, 121, 125; calendar altered by, 125; retires from political life, 126; his prophecy regarding the Rockingham administration, 154; his characters of Walpole and Pelham, Appendix No. 6
 Childers, H. C. E., chancellor of the exchequer, 392
 Chocolate, duty on, 385
 Cider, taxed, 9, 75, 244
 Cider Act, Dashwood's, its unpopularity, 142, 143; repealed, 153

CIG

- Cigar duty, 385
 Cintra, Convention of, 230
 Civil list, the, origin of, 46; its amount, 47; granted to Anne, 68
 Clergy, the, taxation of, 32, 33
 Clive, his victory at Plassey, 136
 Clocks, taxed, 213, 214
 Cloth, *see* woollen cloth.
 Coal, duties on, 7, 57, 70, 75, 81, 172; trade, its increase, 190; yield from the duties, 245; repeal of duties advised by Parnell, 276; repeal of the tax, 281; export duties on, repealed, 289
 Coalition ministries, the Pelham Broad Bottom administration 1744, 117; North and Fox, 1783, 178; Grenville—all the Talents, 224; Aberdeen—whigs and Peelites, 1852, 320
 Cobden treaty of commerce with France, 334
 Cobham's Cuba, the Nepotism, the young patriots, 110
 Cocoa-nuts, duty on, 42, 45; warehousing system applied to, 98; increased duties on, 205; removed to the customs list, 267
 Coffee duty, 42, 45, 72; warehousing system applied to, 81; warehousing made compulsory by Walpole, 98; increased duty, 205, 256; reduced, 267; transferred to the customs list, *ib.*; remission of duty, 306, 317; raised, 326; repealed, 378
 Colbert, his tariff, 30
 Commonwealth, the, taxation under, 5-16; sale of the royal demesne under, 28
 Compton, Sir Spencer, *see* Wilmington.
 Commutation Act, the, 188
 Congleton, *see* Parnell.
 Conservative party, the, 295
 Convention, the, restores Charles II., 16

CUS

- Convoy tax, the, 215
 Conway, general Seymour, secretary of state and leader of the house of commons, 153, 154, 155; resigns, 157
 Cordage, duty on, repealed, 94
 Corn laws, the, Peel's proposal for their repeal, 309; repeal of, 310, 354
 Cottington, lord, revenue of the Court of Wards increased by, 21
 Cotton manufacture, its increase, 197; American, proposed tax on, fails, 233; raw, taxation of, 282, 285
 Cotton wool, taxed, 221, 245
 Court of Requests, 106
 Court of Wards and Liveries, its abolition, 21, 23
 Craggs, James, secretary of state, 89; his death, *ib.*
 Crimea, war in, 324
 Cromwell, Oliver, his death, 15
 Cromwell, Richard, declared protector, 15
 Crown lands, the, settlement of the revenue from, 68-70
 Culloden, battle of, 118
 Curwen, Mr., his motion for repeal of tax on agricultural horses, 257
 Customs, the, under the commonwealth, 8; life grant of, to Charles II., 20; the illegal levy of, by James II., 33; increased yield of, 34; yield of, in 1688, 42; limited grant of, to William III., 45, 46; new subsidy granted for the civil list, 47; decrease of the yield, 59; duties imposed and repealed, 59, 164; increased yield of, in 1701, 64; list of, under William III., 65; decreased yield of, 72; alteration of, in Scotland, 74; additional duties in, 76; list of, in 1714, 83; alterations and amendments in, effected by Walpole, 91-94; subsidy of 5 per

CUS

cent. of 1748, 120, 124, 125, 137; general subsidy on, 137; increased by North, 173; increased by Pitt, 210; under Addington, 221; duties raised in 1806, 224; consolidation of, by Perceval, 227; general rise of, in 1813, 233; proposed duties on, in 1819, 256; reform of the customs law, 264; Baring's 5 per cent. in 1840, 296; Peel's reform of the tariff, 304, 306; revision of the tariff by Gladstone, 336-344; yield of, for 1864, 332

Customs, the great statute of, 1600, 18

DASHWOOD, Sir Francis, chancellor of the exchequer, 140; additional taxes proposed by, 141; his cider tax, 142; raised to the peerage, 144

Davenant, on taxation, 56, 57, 58; duty on malt suggested by, 58

Dead Weight annuities, the, 258, 352

Declaration of Independence, American, 162

Deeds, duties on, 164, 169, 212, 234

Demesne, royal, the, its history before and after the Restoration, 27, 28

Derby, Edward Geoffrey, earl of, secretary for the colonies in Peel's administration, 1841, 303; his administration in 1852, 318; his second administration, 331; third administration, 350; retires, 353

Dettingen, battle of, 114

Devonshire, William, third duke of, president of the council, 91

Devonshire, William, fourth duke of, first lord of the treasury, 133; becomes lord chamberlain, 135

Dice tax, 78, 132, 151, 164

Direct taxes, list of, 239, 242; *see* Taxes.

EXC

Distillery, the, tax on, 56, 64, 193, 203, 205, 220, 244; duty reduced, 267; additional duty on, 206, 305

Dog tax, proposed, 194; imposed by Pitt, 208; repealed in Ireland, 233; changed to a license tax, 355; increased, 384

Dowdeswell, chancellor of the exchequer, 153; goes out of office, 155

Drugs, duty on, 72; increased, 80; repealed by Walpole, 92

'Drunken administration,' the, repeals the gin Act, 113

EAST INDIA COMPANY, joint stock of, taxed, 180

Eden treaty, the, 189

Elizabeth, Queen, sales of the royal demesne under, 28

England, excise established in, 11; her commercial warfare with France, 30; war of, with Spain, 70; her commercial rivalry with Spain, 109; declares war with Spain, 111; war with France, 130; at war with American colonies, 162; her prosperity in 1792, 195-200; her war with France in 1793-1803, 202; depression of the country in 1842, 304; in 1866, 351

Establishments, tax on, 168, 183; Pitt reforms the tax, 187, 188; excessive rate of the tax, 240; partial repeal of the tax in England, 262, 266; its total repeal in Ireland, 263; break-up of the tax, 355; license taxes for, introduced by Lowe, *ib.*

Excise, the origin of the name, 8; established in England, 9; its administration, 10, 15; held in dislike by the people, 11; list of articles affected by, 12-14; grant of hereditary, to the Crown, 24;

FAN

further temporary grant of, to the king, 25; life grant of, to William and Mary, 44; additions to, 55-58; national hatred to, 64; its yield, *ib.*; list of duties, 65, 83; duties of, made payable throughout Great Britain, 73, 74; additional duties under Anne, 75-80; Walpole's bill for wine and tobacco, 100, 104; withdrawal of the bill, 106, 150; Pitt's speech on, 138; increased by North, 171, 173; additions on excise licenses, 233; list of, reduced in 1834, 283; increased by Baring, 296; reductions of taxes in, by Peel, 308; its yield for 1859-60, 333

FANCIFUL taxes, suggested, 186, 230

Feudal system, dies out, 20, 21

Finance committee of 1828, report of, 274

Financial reform, Parnell's treatise on, 276, 281

Fire insurance duty, 174, 175, 234, 240; condemned by Gladstone, 324; reduced, 348; repealed, 359

Fitzgerald, Vesey, president of the board of trade, 274; advises the reduction of silk duties, 275

Fontenoy, battle of, 118

Foreign office, the, 177

Fox, Henry, on hearth-money and poll taxes, 49; becomes commissioner of the treasury, 121; secretary at war, *ib.*; his speech on taxation, 121-124; his co-operation with Newcastle, 127; secretary of state and leader of the house of commons, *ib.*; resigns office, 133; paymaster of the forces, 135

Fox, Charles James, secretary of state, 177; his differences with

GLA

Shelburne, *ib.*; resigns, 178; his coalition with North, *ib.*; his India bill, 180; resigns office, *ib.*; secretary for foreign affairs, 224; his death, 226

Foxites, the, 178

Fox's 'martyrs,' at the elections in 1784, 181

France, her commercial warfare with England and with Holland, 30; her wars with England, 116, 130, 202; her commercial treaty with England, 334, 330

Franklin, Dr. Benjamin, questioned by the committee on the Stamp Act, 146; his answer, *ib.*; his opinion on taxation of the colonies, 147

French Revolution, the, English feeling at, 201

French brandy, *see* Brandy.

French goods, 50 per cent. additional on, 1692, 1696, 60

French wine, *see* Wine.

GAME laws, repeal of, 301

George II., his accession, 91; in favour of Walpole's excise bill, 101

Genelg, Charles Grant, lord, president of the board of trade, 273; resigns, 274; secretary for the colonies, 293

Gin Act, the, its failure and repeal, 113

Gladstone, W. E., vice-president of the board of trade, 303; chancellor of the exchequer, 320; his budget for 1853, 321-325; resigns, 325; chancellor of the exchequer, 332; his budget of 1859, 333; raises the income tax, *ib.*; his fiscal policy, 334 *et seq.*; his first administration, 354-377; holds the exchequer seals, 375; resigns, 376; second administration, 388-394

GLA

Glass tax, 57; repealed in 1699, 58; repealed and re-imposed, 118, 125; increased, 204, 228, 232; its proposed repeal, 276; repealed, 308
 Glove tax, 189; repealed, 204
 Goderich, viscount, *see* Ripon.
 Godolphin, Sidney, lord, afterwards earl, appointed lord treasurer, 68, 72; dismissed, 77
 Goulburn, H., chancellor of the exchequer, 273; reduces the sinking fund, 274; opposes the proposed tax on transfers, 282; again becomes secretary for the home office, 292; chancellor of the exchequer, 303; his budget for 1843, 306; his budget for 1846, 310
 Grafton, the duke of, secretary of state, 153; first lord of the treasury, 155; his administration and resignation, 158
 Grand Alliance, the, 67; joined by Portugal, 72
 Grant, Charles, *see* Genelg.
 Granville, John, earl (Carteret), secretary of state, 90; his rivalry with Walpole and Townshend, *ib.*; goes to Ireland as lord lieutenant, *ib.*; joins the opposition, 103, 110; again secretary of state, 112; his character, 114; his foreign policy, 115; his intrigues, *ib.*; his fall, 116; his later life, 126; his death, 145 (note)
 Great Contract, the, Cecil's plan for, 9
 Great Statute of Customs, the, 18, 45
 Great War, the, with France, 202
 Grenville, George, his appointment to the admiralty, 116; treasurer of the navy, 127; dismissed, *ib.*; differs from Pitt, 139; becomes secretary of state, 140; supports the cider bill, 142; his reply to Pitt, 143; his nickname of 'the Gentle Shep-

HAW

herd,' *ib.*; prime minister, 144; his marriage, *ib.* (note); Bedford combines with, 145; his character, *ib.*; his rigorous enforcement of the Navigation Act, 146; attempts to tax America, 149; carries the Stamp Act, 150; his conduct in the Regency Bill, 152; dismissed from office, *ib.*; his death, 159
 Grenville, William Wyndham, lord, paymaster of the forces, 180; home and, afterwards, foreign secretary, 195 (note); prime minister, 224
 Grey, sir Charles, afterwards viscount Howick and earl, first lord of the admiralty, 224; his administration, 279
 Grimston, sir Harbottle, Speaker, subscribes the Book of Rates, 20
 Guilford, *see* North.
 'Guinea-pig' tax, the, 205
 HACKNEY chair tax, 82
 Hackney coach tax, 54, 63, 82, 241, 323, 356
 Hair-powder, taxed, 189, 205, 240
 Halifax, Charles Montagu, earl of, first lord of the treasury, 86; his death, 87
 Hampden, Richard, on the hearth tax, 43
 Harley, Robert, 73, 77
 Harrington, William Stanhope, first earl of, secretary of state, 103, 126 (note); president of the council, 112; again secretary of state, 116
 Hat tax, 185; increased, 208; repealed, 229
 Hawke, admiral, his victory off Quiberon, 136
 Hawkers, taxed, 54, 63, 242; exempted, 285
 Hawkesbury, *see* Liverpool.

HEA

- Hearth tax, 29, 36; its yield in 1689, 42; repealed, 43, 54
- Henry VIII., squanders the royal demesne, 27, 28
- Hervey, lord, on the land tax, 99
- Hill, sir Richard, taxes suggested by, 186
- Holland, success of excises in, 9; war of, with France, 30 (note), 61, 70; stamp duties in, 62
- Home office, the, 177
- Hops, tax on, 59, 78, 84; additional duty proposed by Pitt, 138; increased tax on, 171, 219; yield of the tax, 243; its reduction, 336; commutation of the tax for additional duties on brewers' licenses, 345, 390
- Horses, saddle and carriage, tax on, 184, 186, 187, 188, 191, 217, 240; agricultural, additional tax on, 213, 217; additional duty on, proposed by Vansittart, 232; complaints against, 257; repeal of the tax, *ib.*, 380, 387
- House tax, the, 54, 63, 70, 83; not chargeable in Scotland, 74; combined with a window tax by Pelnam, 119; new tax on inhabited houses in 1778, 169, 240; comprised in Pitt's assessed taxes, 188; partially repealed, 266, 285; agitation for the repeal of, 287, 288; repealed, 288; revived, 316; estimate of its yield, 371
- Howard, Sir Robert, his return of the produce of the revenue in 1689, 41, 42
- Howick, *see* Grey.
- Hume, James Deacon, his consolidation of the customs laws in 1825, 268
- Hume, Joseph, his resolutions on taxation in 1826, 270; income tax granted only for a year in consequence of his motion in 1851, 316

IRO

- Hunt, G. W., chancellor of the exchequer, 353
- Huskisson, president of the board of trade, 261, 271; secretary for the colonies and leader of the house of commons, 273; resigns office, *ib.*
- IMPOST, the, of customs, 5 per cent. in 1779, 171; in 1782, 175
- Income tax, imposed by Pitt, 215, 216; repealed and re-imposed by Addington, 219; raised by Pitt, 223, 224; its total repeal in 1816, 253; united re-imposition of, by Peel, 305; continued for three years, 307; continued in 1848, 313, 316; in 1853, 321; doubled by Gladstone, 324; increased in 1855, 326, 327; reduced, 328; its abolition advocated by Disraeli, 331; 1*d.* reduction on, 344; further reduction in 1863, 346; reduced to a 6*d.* rate, 348; additional 1*d.* on, in 1867, 352; additional 2*d.* on, 353; reduced by Lowe, 355; its further reduction, 357; raised by Lowe, 367; reduced to 4*d.* rate in 1872, 373; reduced to 3*d.*, 376; reduced to 2*d.*, 380; raised, 383, 384, 389; reduced, 391; additional details on, 398-400
- India Bill, the, 180, 181
- Ingilby, William, his motion for the reduction of the malt tax, 286; for its total repeal, 290
- Ireland, hearth and window taxes in, repeal, 259; tax on establishments repealed in, 263, 305; potato failure in, 312
- Irish Church Bill, the, 353
- Irish Coercion Bill, the, 291
- Irish Education Bill, the, 373
- Irish Life Protection Bill, the, 310
- Iron, pig, proposed tax on, 236
- Ironwork, increase of, 198

JAM

JAMAICA Bill, the, 295, 303
 James I., decrease of the royal demesne under, 28
 James II., his illegal levy of the customs, 33; parliamentary life grant of the customs to, *ib.*; direct taxation unaltered under, 36; his death, 67
 Jekyll, his act against spirituous liquors repealed, 113
 Jenkins' ear, story of, 109, 110
 Jevons, on the match tax, 368, 369
 Jews, proposed taxation of, under William III., 62

LAND tax, the, its origin, 53; under William III., 50-53; raised for the war of the Spanish succession, 71; reduced, 81; its character, *ib.*; reduced by Walpole, 96, 98; complaints against, 99; its unfair assessment, 100; Walpole's scheme for its reduction, 101; raised in 1739, 111; its reduction in 1748, 125; raised in 1756, 131, 203; raised by North, 164, 203; becomes a rent-charge under Pitt, 215, 239, 240

Land Tax Act, the, 119, 216

Lansdowne, William Petty, first marquis of (Shelburne), appointed secretary of state, 155; out of office, 158; summoned by George III., 177; his administration and resignation, 177, 178; created marquis, 224 (note)

Lansdowne, Henry Petty, second marquis of, chancellor of the exchequer, 224, 279

Law proceedings, tax on, 29, 31

Lead, duty on, 14, 95, 217

Leather tax, the, 59, 77, 104, 173; Adam Smith on, 167, 277; increased, 231; opposition to the additional duty, 232, 258; par-

MAL

tially repealed, 259; its repeal, 277

Legacy duties, imposed by North, 173; increased, 191, 223, 234; yield from, 240; question on, raised, 321, 322; proposed increase of rates on, by Lowe, 364, 365; alteration in, 391; *see also* Succession.

Legge, hon. Henry Bilson, becomes chancellor of the exchequer, 127; resigns with Pitt, *ib.*; again in office, 134; taxes proposed by, 137, 138, 139; dismissed, 139

Letters, postal duty on, 235

Lewis, Sir G. Cornewall, chancellor of the exchequer, 326; home secretary, 332

License taxes, 82, 139, 172, 174, 184, 189, 241, 242, 250, 355, 389, 390

Linen duties, 59; import duties on the raw material repealed, 133; decrease in the manufacture of, 197

Liquors, duties on, 25, 26; excise on, 42, 75, 111

Liverpool, lord Hawkesbury, afterwards earl of, secretary for foreign affairs, 219; home secretary, 222, 226; secretary for war and the colonies, 228; prime minister, 231; his illness, 270

Locke, his theory of taxation, 104

Locomotion, taxes on, 241; repealed, 356, 376

Lowe, Robert, *see* Sherbrooke.

Lyttelton, George, lord, 116, 127; chancellor of the exchequer, 128; his new taxes, 131, 132; raised to the peerage, 134

MALT tax, 58, 64, 71, 74; increased, 139, 171; compositions repealed, 179; its further increase, 193, 194, 219, 220, 222, 243; repeal of the additional war

MAN

- duty, 253, 258, 260; why not reduced by Althorp, 284; Ingilby's motion for its reduction, 286, 290; its reduction proposed by Disraeli, 319; raised by Gladstone, 325; increased receipt from, in 1864, 347; committee of inquiry on, appointed, 352; large yield in 1872-3, 374; repealed, 390
- Mansfield, William Murray, earl of, 126
- Marble, taxed, 204
- Marine insurance duty, 206, 213, 217, 234, 240; reduced, 284, 306; condemned by Gladstone, 324, 352
- Marlborough, John Churchill, duke of, 72
- Match tax, proposed by Lowe, 365, 367
- Meal tax, the, 8
- Mediterranean duty, the, repealed, 185
- Melbourne, William Lamb, viscount, chief secretary for Ireland, 271; resigns office, 274; secretary for the home office, 270; prime minister, 291; dismissed, 292; his return to power, 293; resigns, 295
- Men-servants, tax on, *see* Establishments.
- Mercantile or protective system, 50, 82
- Methuen treaty, the, in 1703, 71, 72; expires 1831, 283
- Michiel, Venetian ambassador, his surprise at the absence of inland duties in England, 8
- Minden, battle of, 136
- Minorca, loss of, 133
- Mittens, tax on, 180; repealed, 204, 229
- Monteagle, Thomas Spring Rice, lord, becomes secretary for the colonies, 290; chancellor of the exchequer, 293; reduces the news-

NOR

- paper duty, 294; raised to the peerage, 296
- Mum, tax on, 71
- Municipal Corporation Act, the, 301
- NATIONAL debt, the, state of, in 1714, 87; its amount in 1739, 111; in 1755, 130; in 1775, 163; in 1792, 202; in 1815, 230; Lowe's speech on, 368; its amount in 1875, 381; in 1876, 383; amount of, accrued from wars from 1608 to 1816, 403
- Navigation Act, the, 93, 146
- Newcastle, Thomas Pelham Holles, duke of, secretary of state, 90, 112, 125; becomes first lord of the treasury, 127; his negotiation with Fox, *ib.*; resigns, 133; re-instated in office, 134; his coalition with Pitt, *ib.*; his resignation in 1762, 140; his death, 158 (note)
- New impost, the, *see* Excise
- Newspaper tax, 80, 135, 164, 191, 245, 281, 284; reduced, 294
- Nimeguen, treaty of, 30 (note)
- Nootka Sound, settlement at, 193; Spanish seizure of ships at, *ib.*
- North, sir Dudley, special duties on tobacco and sugar proposed by, 34
- North, lord, afterwards earl of Guilford, paymaster of the forces, 155; chancellor of the exchequer, 157; prime minister, 158; gives the casting vote for the retention of the tea duty in American colonies, 161; his taxes for the war with America, 164, 165-176; origin of the taxes suggested by, 166, 168; his resignation, 176; his coalition with Fox, 178; resigns, 180; soap tax increased by, in 1782, 254
- Northbrook, *see* Baring.
- Northcote, sir Stafford, chancellor of the exchequer, 378

OFF

OFFICES, new tax on, in 1758, 135
Orford, earl of, *see* Walpole.

PALMERSTON, viscount, secretary of war, 261, 271; exchequer seals offered to, 271; resigns, 274; foreign secretary, 280, 312; resigns, 317; home secretary in 1853; 320; prime minister, 325; resigns, 329; his second administration, 332; his death, 350

Paper tax, 79, 80; increased, 204, 217; its yield, 245; reduced, 294; proposed repeal of, 315, 339, 343; bill for its repeal rejected, 341; its repeal, 344

Parnell, sir Henry, afterwards lord Congleton, his treatise on financial reform, 276, 281; refuses office, 280; secretary at war, *ib.* (note); paymaster-general and treasurer of the navy, 293

Paris, Peace of, 140

Paris, Treaty of, 327

Patent medicines, tax on, 179

Patriots, the young, 110

Pawnbrokers, taxed, 189

Peel, sir Robert, secretary for the home office, 260, 261; resigns office, 271; takes office under Wellington, 273; opposes the proposed tax on transfers, 282; his first administration, 292; resigns, 293; his political career, 302, 303; summoned by the Queen, 303; his budget for 1842, 304; income tax re-imposed by, 305, 307; his reform of the tariff, 306, 308; glass and auctions duties repealed by, 308; proposes the repeal of the corn laws, 309; his resignation and return to office, 310; resigns, *ib.*; his death, 315

Peelites, the, 311, 320, 325

Pelham, Henry, secretary at war,

PIT

90; paymaster of the forces, 112; becomes first lord of the treasury, 114; intrigues of Carteret against, 115; failure of his proposed tax on sugar, 116; his extension of the tax on salt, 117; additional tax on spirits effected by, 118; his window tax, 119; his carriage tax, 119; supported by Fox, 121; his death, 125; character of by Chesterfield, Appendix No. 6

Penny taxation, introduced by Gladstone, 323

Pepper, duty on, 76; warehousing system applied to, *ib.*; fresh settlement of the duty on, 94, 95; additional duty on, 217, 242, 256, 339; made a customs duty, 268; repeal of the duty, 350

Perceval, Spencer, chancellor of the exchequer, 226; his consolidation of the assessed taxes and stamp duties, *ib.*; prime minister, 228; continues chancellor of the exchequer, 229; hat tax repealed by, *ib.*; his administration, 230; assassinated, 231

Perfumery, taxed, 189

Perry, duty on, 71; increased, 75; further taxation of, 140

Peterloo riot, the, 257

Petty, lord Henry, *see* Lansdowne.

Pig iron, proposed tax on, 226

Piracy in the Mediterranean, reduced by England, 8

Pitt, William, *see* Chatham.

Pitt, William, the younger, becomes chancellor of the exchequer, 178; resigns, *ib.*; prime minister, 181; his measures of taxation, 182-188; his reforms in 1785, 187; further taxes imposed by, 188; his commercial treaty with France, 189; passes Walpole's Excise Bill for tobacco, 192; his budget of 1792, 194; new and additional taxes

PLA

imposed by, 206-212, 214-217; stamp duties raised by, 211; his triple assessment for 1798, 214; resigns, 217; recalled to office, 222; his budget for 1805, 223; his death, *ib.*; soap not taxed by, 254
 Plantation duties, the, 146
 Plasey, battle of, 136
 Plate, gold and silver, taxes on, 131, 139, 169, 185, 234
 Poll taxes, 31; under William III., 48; unpopularity and disuse of, 49
 Portland, William Henry Cavendish, duke of, secretary of state for home department, 205; president of the council, 219; prime minister, 226; his resignation and death, 228
 Post travelling, taxed, 170, 179, 210, 213, 241, 323
 Poundage of goods, 6, 19; revenue from, 42
 Preemption, abolished, 21, 22
 Preston Pans, battle of, 118
 Pretender, the Old, expenses of suppression of his attempt, 87
 Pretender, the Young, his attempt in 1745 defeated, 118
 Printed goods, tax on, 79, 232, 245; repealed, 276
 Probate duty, its origin, 62; increased, 173, 191, 234; yield from, 240; extended by Lowe, 364; alteration in, 387, 391; *see also* Succession.
 Property tax, 4-6; its settlement, 50-53; devolved into a land tax only, 119, 215
 Protection of trade, 82
 Purveyance, abolished, 22, 23
 Publicans, taxed by Lyttleton, 132
 Pym, introduces excise, 9

QUACK medicines, tax on, 179
 Quebec, taken by the English, 136
 Quibéron, victory off, 136

ROC

RACE-HORSES, taxed, 187; *see* Horses.
 Rags, duty on, repealed, 94
 Railways, effect of construction of, on revenue, 307, 312
 Raisins, duty on, 75, 217, 242, 336
 Ramillies, battle of, 73
 Receipts, tax on, 179; increased, 206; its yield, 247, 249; penny duty on, 323
 Reform Bill, the, 350
 Registration of births, deaths, and marriages, tax on, 49; repealed, 204, 213
 Revenue, the, its settlement after the Restoration, 17-24; produce of the chief branches of, in 1688, 42, 43, 45-47; its amount in 1755, 130; in 1792, 202; increased in 1806, 219; its amount in 1815, 224; decrease in, 253, 257, 265; decreased by the remission of taxes in 1822, 258; increase of, 347, 373; basis of its estimate, 379; its returns in 1875-6, 381; in 1879, 384; estimate of, for 1880-1, 386; for 1881-2, 391, 392; synopsis of its sources, 396-400
 Rice, Thomas Spring, *see* Monteagle.
 Right of Search, War of the, with Spain, 111
 Ripon, Frederick John Robinson (Goderich), earl of, chancellor of the exchequer, 261; his reforms, 263-270; colonial secretary, 271; raised to the peerage, *ib.*; colonial secretary in Lord Grey's administration, 280; lord privy seal, 290
 Roads, improvement of, 200
 Robinson, *see* Ripon.
 Robinson, Sir Thomas, afterwards lord Grantham, secretary of state and leader of the house of commons, 127; receives a pension, *ib.*
 Rockingham, Charles Wentworth, marquiss of, his administration,

ROS

- 152; his political career, 152, 153; his dismissal, 155; his second administration and death, 177
- Rose, George, 182, 190, 210, 223, 226, 229
- Royal mails, established by Pitt, 200
- Rum, duty on, 193, 203, 205, 210, 244; reduced, 265; surtax on, 391
- Rump, the, its restoration and dissolution, 15, 16
- Russell, lord John, afterwards earl, paymaster of the forces, 280; home secretary, 293; his first administration, 312-319; his resignation and return to office, 316; secretary for foreign affairs, 320; his resignation, 325; secretary for the colonies, 326; secretary for foreign affairs, 332; his second administration, 350
- SALT, foreign, excise duty on, 12, 14, 56; repealed, 98; re-imposed by Walpole, 99; duties increased by Pelham, 117; Adam Smith on, 167; increased by North, 171, 175; mining trade in, 199; duty on, increased by Pitt, 214, 223, 242; its total repeal, 259; history of the tax, *ib.*
- Sandys, Samuel, becomes chancellor of the exchequer, 112
- Schism in the whig party, in 1717, 88; in 1782, Foxites and Lansdownians, 178
- Seal oil and sealskins, duties on, repealed, 94
- Secretary of State, new division of the office into the home office and the foreign office, 177; a third secretary for war and the colonies in 1801, 219; the colonies made a single office in 1854, and a fourth secretary for the war office appointed, 325

SMU

- Seven Years' War, the, 130; its cost, 131, 202
- Shelburne, *see* Lansdowne.
- Sherbrooke, Robert Lowe, viscount, quoted, 196; chancellor of the exchequer, 354; his budget for 1869, 354-357; taxes proposed by, in 1871, 364-366; unpopularity of his budget, 367, 368; his speech on the national debt, 368, 369, 372; home secretary, 375; raised to the peerage, 388
- Sheridan, treasurer of the navy, 224
- Shipping, tonnage of, 60; additional duty on, 221; yield from, 242
- Shops, tax on, proposed by Legge, 137; its failure, *ib.*; revived by Pitt, 189; repealed, 191
- Shrewsbury, Charles, duke of, the last lord treasurer, 85
- Sidmouth, Henry Addington, viscount, first lord of the treasury and chancellor of the exchequer, 219; income tax repealed and re-imposed by, *ib.*; dismissed, 222; home secretary, 231; resigns, 260
- Silk, duties on, 37, 79, 93; trade, depression in, 197; reduction of the duties, 264, 275
- Sinking fund, the, Walpole's scheme for, 87, 88, 91; Pitt's, 190 (note); its excess, 256; reversal of the policy of, 262; its reduction by Goulburn, 274; given up, 275, 331; new formation of, 381, 387
- Slate tax, 204; repealed, 283
- Slavery, cost of abolition, 286
- Smith, Adam, his 'Wealth of Nations,' published in 1776, 166-168; a guide to North in taxation, 168, 169, 171, 173; Pitt his disciple, 182, 207; the tax on leather condemned by, 277
- Smith, Sydney, on taxes, 249-251
- Smuggling, Walpole's plan for its reduction, 97; reduced, 117;

SNU

increase in, 183; warehousing system a means of reducing, 192; decrease in, 270, 322
 Snuff, duty on, 76, 84; yield from, 244
 Soap, excise duty on, 13, 78; tax, 79; increased by North, 175; reduced, 286; increased by Vansittart, 254; its proposed reduction, 294; repealed, 323
 South Sea scheme, the, 80
 Spain, her war with England, 89; commercial rivalry of, with England, 109; war of, with England, 111
 Spanish Succession, War of the, 70-84; its cost, 202
 Spencer, John Charles, earl (Althorp), chancellor of the exchequer, 280, 281; his resignation and return to office, 291; not successful as a financier, 301
 Spices, duty on, 72, 75; fresh settlement of the duty, 94, 95
 Spirits, excise duty on, 13, 42, 55, 64, 84; fresh duties on, 113, 118, 125, 171, 193, 205, 209, 212, 220, 225, 229; yield from, 244; reduction of the duties in Scotland and Ireland, 263; additional duty on, 296; increased duty in Scotland and Ireland, 322, 325, 327, 331; additional 2s. for the China war, 341; English consumption of, in 1822, 371; home-made, yield of, in 1872-3, 374; yield ceases to rise, 381, 382; foreign, surtax on, 301
 Spirituous liquors, Jekyll's act against repealed, 113
 Spitalfields, silk manufacture at, 93, 198, 275
 Sportsmen, taxed, 184, 185, 193
 Stage-coach tax, 170, 179, 213, 215, 241
 Stamp Act, account of the, 160; re-

SUG

sistance to, in America, 151; repealed, 154; Pitt speaks against, *ib.*
 Stamp duties, the, 62, 63, 65, 70, 80; yield from, in 1755, 130; proposed imposition of, in America, 151; small yield from, in America, 154; American duties repealed, *ib.*: increased by North, 164; increased by Pitt, 206, 211, 217; consolidated by Perceval, 226; increased, 234; repeal of, on law proceedings, 265; reduced, 314, 315, 358; present yield from, 396
 Stanhope, general James, afterwards earl, secretary of state, 86; prime minister, 88; resigns, *ib.*; secretary of state, 89; raised to the peerage, *ib.*, 126 (note); his death, 89
 Stanley, *see* Derby.
 Starch tax, 9, 78, 80; abolished, 283
 Stone, taxed, 204
 Stone bottles, first tax on abolished, 57; second tax repealed, 289
 Subsidies of customs. 'The old subsidy' (5 per cent.) of 1660, 18; the 'new subsidy' of 1698, 47; the one-third and two-third subsidy of 1703 and 1704, 71; the fourth subsidy granted in 1748, 120, 125; the fifth, in 1750, 138
 Subsidy, the, on land, tried under the commonwealth, 4; tried after the restoration, 32; the last of the subsidies, 33
 Succession duties, on property, 207, 208; on land, 321, 322; increased, 365
 Succession Duties Act, the, 208
 Sugar, rate of taxation on, under the great statute, 35; special duty on, under James II., *ib.*, 36, 44; expiration of the special duty on, 46, 64; defeat of Pelham's tax on,

SUN

115, 116; increased duty on, proposed by Legge, 137; additional duty on, imposed by North, 174; increased duty on, 194, 203, 209, 216, 221, 225; yield from, 243; increased duty, 325; triennial taxation of, settled, 328; reduced duty on, 339, 348, 357, 376, 380; total repeal of the duty on, 380

Sunderland, Charles Spencer, earl of, appointed secretary of state, 73; dismissed, 77; his intrigues, 88, 89; secretary of state, 89; first lord of the treasury, *ib.*; his share in the South Sea transactions, *ib.*; his death, 90

Sydenham, Thomas Poulett Thompson, lord, vice-president of the board of trade, 280; president, 290, 293

TALLIES of the exchequer, 74, 293

Tariff, the book of rates of 1656, 6; of 1660, 18; Walpole's additional—the new book of rates of 1724, 95; Pitt's of 1787, 190; Spencer Perceval's of 1809, 227; Vansittart's in 1819, 256; Huskisson's of 1825, 266, 267

—reform of:—first revision, by Peel in 1842, 304–306; second, by Peel in 1845, 307; third, by Gladstone in 1853, 323; fourth, by Gladstone in 1860, 336

Taxation of property, 4; system of assessment and payment of, 4, 5; indirect, 6; of articles of consumption, 8, 9, 242, 248; extraordinary taxes, 31–33, 240, 249; direct, 37, 42, 65, 83; reforms in, under Walpole, 91–101; speech of Henry Fox on, 121–125; of America, 146, 162; Adam Smith on, 168; Sydney Smith on, 249–251; great repeal of taxes, 293, 376, 387; synopsis of, 395–400

TOB

Taxed carts, repeal of the duty, 266, 285

Taxes, the new for 1784, lines on, 187

Tea, duty on, 42; increased, 72; permissive and obligatory warehousing system applied to, 81, 97; reduced duty, 117; imposition of duty resisted in America, 162; annual license for sellers of, introduced by North, 172; duty on, reduced by Pitt, 183; increased by Pitt, 205, 209, 214, 216, 221, 222, 225; yield from the duty, 244; increased duty, 256, 326; reduced duty, 328, 338, 347, 349; increased consumption of, 379

Temple, Richard, earl, first lord of the admiralty, 134; George II.'s dislike to, *ib.*; dismissed by the king, *ib.*; in office again, 135; resigns with Pitt, 139; refuses to take office, 152; retires, 159; foreign secretary, 180

Tessellated pavement administration, the, 155

'Thimble and Bodkin' army, the, origin of the name, 3

Thompson, Thomas Poulett, *see* Sydenham.

Tiles, proposed taxation of, by Lyttelton, 132; additional duty on, 204; repealed, 285

Timber, its scarcity in England, 92; duty on, repealed by Walpole, 93; new tax on, 217, 233; yield from, 245; Canadian, additional duty on, 282; foreign, reduced duty on, 317, 336; repeal of the 1s. duty on, 350

Tin, duty on, 13

Tithe Commutation Act, the, 301

Tobacco, rate of taxation on, under the great statute, 34; special duty on, under James II., *ib.*, 36, 42; duty on, 75; Walpole's bill for warehousing, 100, 103; additional

TOB

- duty on, 173, 175; Walpole's scheme passed by Pitt, 192; additional duties on, 225, 232, 233; yield from the duty on, 244; additional duties on, 256; in the customs list, 268; duty on, reduced, 270, 276; consumption of, in 1825, 371; increase in the duty on, 384, 387
- Tobacco-pipes, tax on, its failure, 58
- Tory, revival of the name, 153
- Tory Stamp Act, the, 80
- Townshend, Charles, viscount, appointed secretary of state, 86; dismissed from office, 88; returns to office, 89; his breach with Walpole, 103; retires, *ib.*
- Townshend, Charles, Right Hon., treasurer of the chambers, 134; secretary at war, 139; paymaster of the forces, 153; chancellor of the exchequer, 155; his Revenue Act for America, 157; his sudden death, *ib.*
- Townshend, George, taxes suggested by, 132
- Trade, depression in, 268, 304; improvement in, 306
- Transfers, proposed tax on, 282
- Triple assessment, the, 214, 215
- 'Triumvirate,' the—Grenville, Egremont, and Halifax, 1763, 144
- Tunnage of wine, *see* Wine.
- Turkish pirates, tax for captives of, 7

UNION duties, repealed, 265

Utrecht, Treaty of, 81, 109

VANCOUVER'S ISLAND, its discovery and settlement, 193

Vansittart, Nicholas, afterwards lord Bexley, chancellor of the exchequer, 231; adopts Perceval's budget, *ib.*; his proposed repeal of

WAR

- taxes, 253; raises the customs and excise duties, 254; soap tax raised by, *ib.*; his fiscal policy criticised by Huskisson, 262, 263; woollen duties raised by, 264
- Vinegar, excise duty on, 12, 60, 75; Pelham's additional tax on, 117; increased by Dashwood, 140; repeal of the duty on, 306
- Voltaire, ridicules Locke's theory of taxation, 104
- WALPOLE, Sir Robert, afterwards earl of Orford, secretary at war, 73; first lord of the treasury, 87; his scheme for a sinking fund, *ib.*; resigns his office, 88; becomes paymaster of the forces, 89; chancellor of the exchequer and prime minister, *ib.*; his rivalry with Carteret, 90; his administration, 91; his reform of the tariff, 92-96; his system of compulsory warehousing, 98; salt tax repealed by, *ib.*; re-imposes the salt tax, 99; his excise bill for wine and tobacco, 100; his breach with Townshend, 103; opposition to his bill, 103, 105; outcry against him, 106; his foreign policy, 108, 110; resigns, 112; raised to the peerage, *ib.*; his jest to Pulteney, 113; his advice to Pelham, 114; his death, 117; Stamp Act suggested to, 150; character of, by Chesterfield, Appendix No. 6
- Walcheren expedition, the, 228, 230
- War of the tariffs between England and France, begins 1667, 30
- Warehouse system, the, for India silks, in 1700, 76; for pepper, in 1709, *ib.*; for tea and coffee (optional), in 1711, made compulsory, in 1723, 97, 98; for wine and

WAR

- tobacco, Walpole's 'excise scheme,' in 1733, is introduced and fails, 100 *et seq.*; but subsequently is passed by Pitt, in 1789, 192
- Wars, estimate of their cost, 402
- Watches, taxed, 210, 213
- 'Wealth of Nations,' Adam Smith's, 166-168; taxes suggested to North by, 168
- Wedgwood china, 198
- Weekly meal tax, 6
- Wellington, duke of, refuses office, 271; his administration, 273-278; his short administration in 1834, 292; secretary for foreign affairs, *ib.*
- Western, his motion for repeal of additional malt duty carried in 1821, 257
- Whale fins, duty on, 61, 66, 75; repealed, 94
- William III. abolishes the hearth tax, 43; life grant of the excise to, 44; limited grant of customs to, 45, 46; introduction of the civil list under, 46, 47; poll taxes under, 46; tax on births, deaths, marriages, and bachelors and widowers under, 49; settlement of the property tax under, 50-53; tax on houses, hawkers, and hackney coaches under, 54; additions to the excise under, 55, 56; taxes on sea-coal, glass, tobacco-pipes, malt, and leather under, 57-59; decrease of the customs revenue during war with France, 59; additional duties imposed under, *ib.*, 60; stamp duties under, 62; proposed tax on the Jews under, 62; summary of taxation under, 63-66; his death, 68

YOU

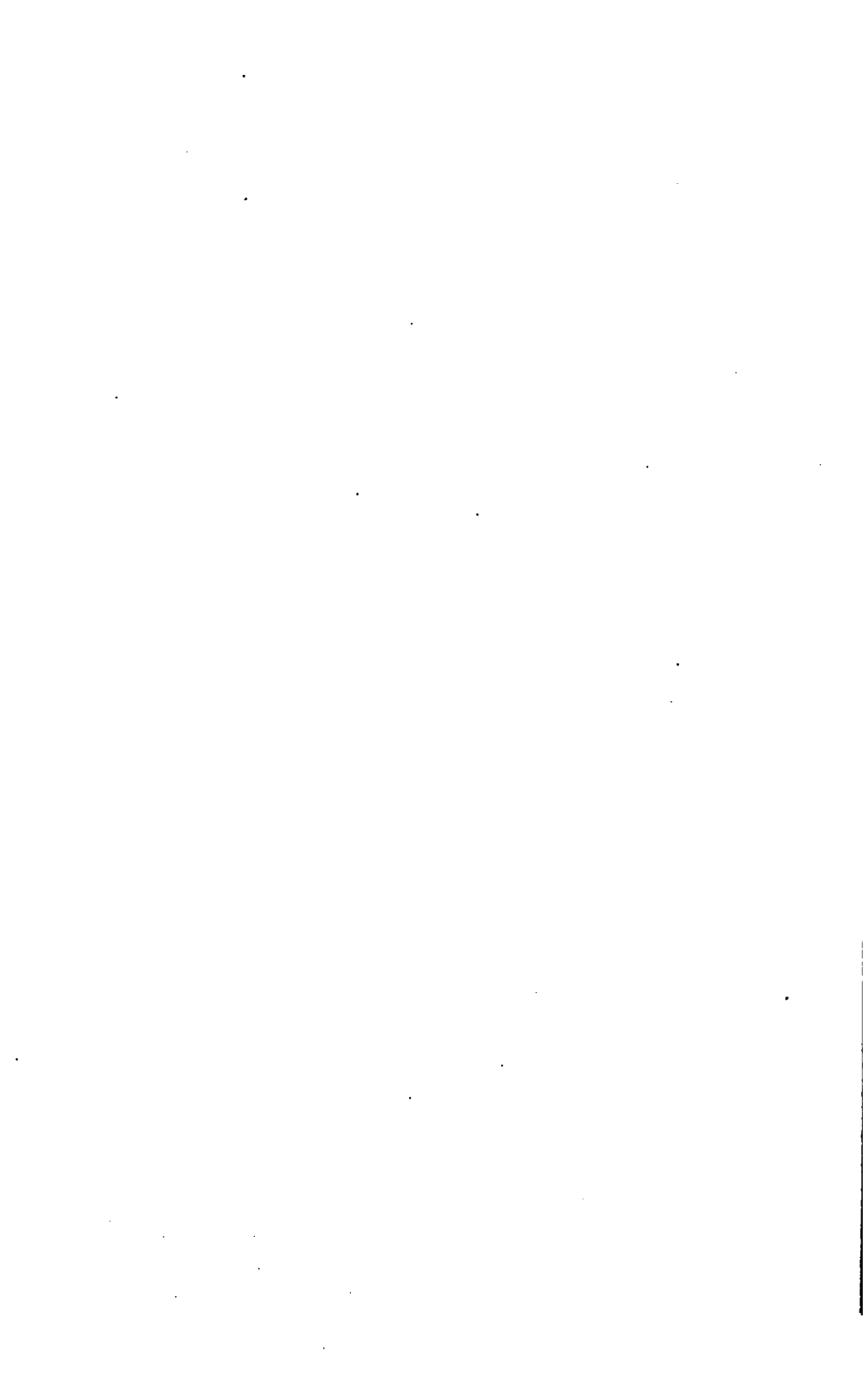
- Wilmington, Spencer Compton, afterwards earl of, designated as prime minister, 91; yields to Walpole, *ib.*; speaker, 95; first lord of the treasury, 112; his death, 113
- Window tax, imposed by Pelham, 119, 125; increased, 139; assessed with the house tax, 170; comprised in Pitt's assessed taxes, 188; increased rate of, 240; its partial repeal, 269; reduced, 285; question as to its repeal, 287; motion for its repeal, 315; repealed, 316
- Wine, tunnage of, 6, 18, 19, 42; Spanish high charge on, under the commonwealth, 7; licenses, 15, 26, 42; duties on, 30, 34, 42, 60; French, its importation excluded, 72; Portuguese and Spanish, increased importation of, *ib.*; additional duty on, 117; Walpole's excise bill for, 100, 103; additional duty on, 170, 172, 205, 208, 220, 221; yield from the duty, 243; duties equalised in 1860, 350
- Wine, gold and silver, tax on, 79, 80
- Wolfe, his victory at Quebec, 136
- Wood, Sir Charles, chancellor of the exchequer, 312-319
- Wool, the revenue from the export of ceases, 8, 18 (note)
- Woollen cloth, duty on, 18, 20; export duties on, repealed in 1700, 61, 95; manufacture flourishes, 163, 197, 264
- Women-servants, tax imposed on, by Pitt, 188; repealed, 194

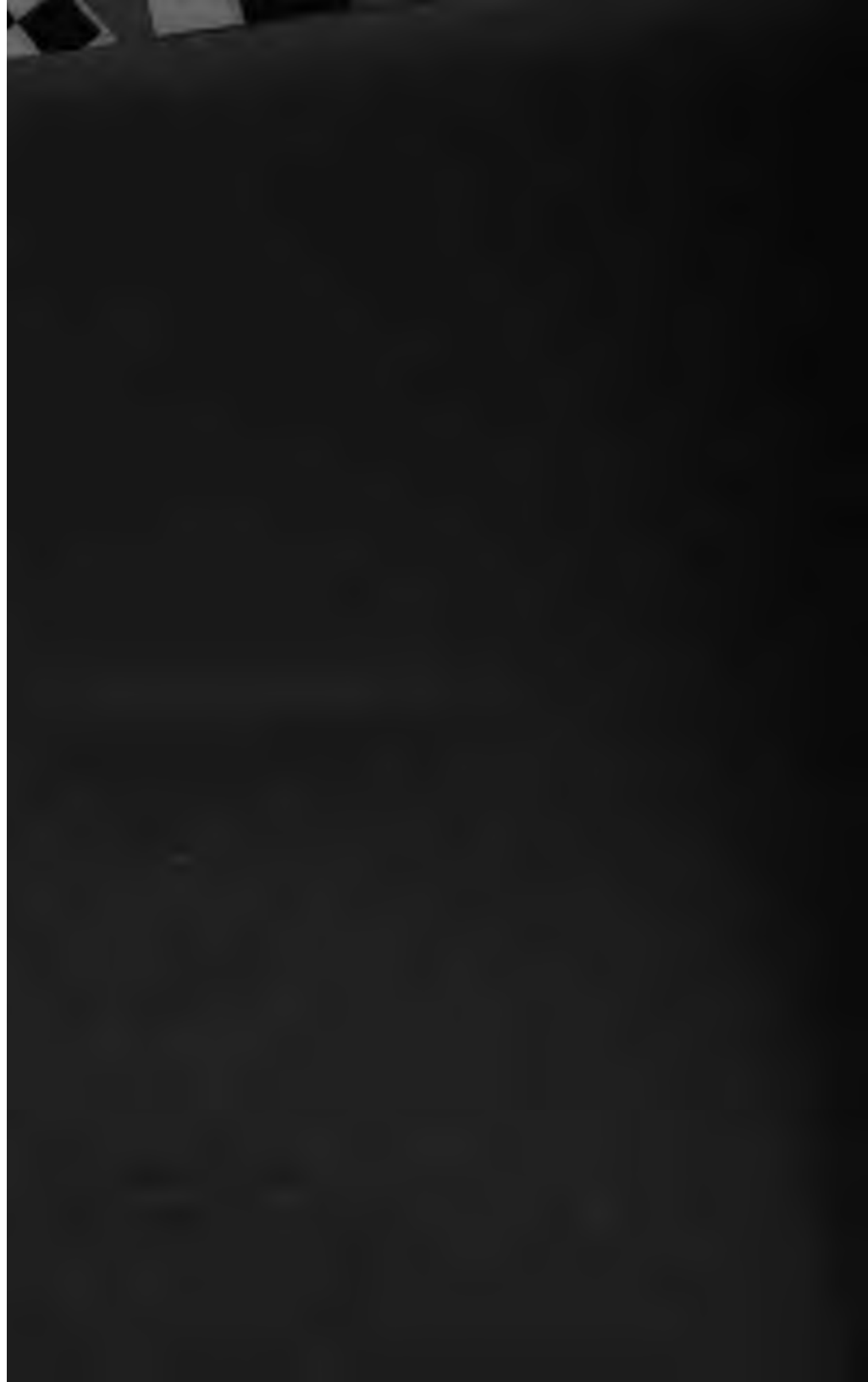
YOUNG, Arthur, his 'Farmer's Tour,' 197

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